EXHIBIT 48

[Part 1 of 2]

INDITEX GROUP ANNUAL REPORT **2023**

INDITEX

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Statement made about the contents of the Financial Annual Report

We, the members of the Board of Directors, do hereby state and represent that, to the best of our knowledge and belief, the annual consolidated accounts for financial year 2023 (1 February 2023 – 31 January 2024), stated by the Board of Directors at the meeting held on 12 March 2024, drafted pursuant to the applicable accounting principles, give the true and fair view of the assets, the financial situation and the results of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, and that the consolidated financial report includes a true review of the evolution and the corporate results, as well as of the position of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, together with the description of the main risks and uncertainties they face up to.

In Arteixo (A Coruña), on 12 March 2024.

Ms Marta Ortega Pérez
Chair

Mr Amancio Ortega Gaona
Ordinary Member

Mr José Arnau Sierra
Deputy Chair

Mr. Óscar García Maceiras
CEO

Pontegadea Inversiones, S.L.
Ordinary Member
Ms Flora Pérez Marcote

Bns. Denise Patricia Kingsmill
Ordinary Member

Ms. Pilar López Álvarez
Ordinary Member

Ms Anne Lange
Ordinary Member

Mr José Luis Durán Schulz
Ordinary Member

Mr Rodrigo Echenique Gordillo
Ordinary Member

Audit Report on Consolidated Annual Accounts

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Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 35)

To the shareholders of Industria de Diseño Textil, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at January 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended (year 2023).

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at January 31, 2024, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of leases

Description

As of January 31, 2024, the Group operates with a total of 4,589 company-managed stores, most of which are under lease agreements, as well as certain logistics centers and other assets operated by the Group.

IFRS 16 application requires to carry out complex estimates, which entails the application of judgments in the definition of the hypotheses considered by Group's Management, mainly for the determination of the lease terms, the impacts of renegotiations and the discount rate applicable to each contract.

We have considered this area as a key audit matter due to the significance of the amounts involved, the different nature and characteristics of the lease contracts in force, as well as the complexity of the judgments made by Group Management to determine the value of such leases.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.o) and 16 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the process established by Group Management to determine the value of the leases, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests on (a) access controls and logical security to operating systems, databases and relevant applications, (b) application development, maintenance and operation controls and systems and (c) automation used for the valuation of leases.
- Assessment of the consistency of the accounting principles and criteria applied by the Group to estimate lease terms and applicable discount rates with the applicable financial reporting regulatory framework and with those applied in the previous year.
- Review, for a representative sample of lease contracts, of the consistency of the valuation of said leases with the terms and conditions of the corresponding contracts, as well as with the accounting principles and criteria applied by the Group.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

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The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Valuation of inventories

Description	The Group has registered in the current assets of the consolidated balance sheet as of January 31, 2024, inventories for a net book value of 2,966 million euros, which represent 9.1% of total assets. The centralized and integrated model of Inditex Group is characterized by managing a large number of references in the different markets in which it operates and by their high turnover levels. Likewise, consumer behavior and other external factors significantly influence the valuation of inventories, requiring relevant estimates to determine the net realisable value of the references, which entails the application of judgments in the establishment of the hypotheses considered by Group Management in relation to said estimates. We have considered this area as a key audit matter due to the significance of the amounts involved, the high number of points of sale and references and their high turnover, as well as the complexity of the judgments made by Group Management to determine the net realisable value of inventories. The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.h) and 13 of the attached consolidated financial statements.
Our response	In relation to this area, our audit procedures have included, among others, the following: ▸ Understanding of the process established by Group Management for the management and valuation of inventories, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the management and valuation of inventories. ▸ Evaluation of the consistency of the accounting principles and criteria applied by the Group's Management for the valuation of the inventories with the applicable financial information regulatory framework and with those applied in the previous year. ▸ Assessment of the reasonableness of the key assumptions considered by Group Management to determine the net realisable value of inventories and their consistency with Group policy and with other available information, such as historical sales from similar seasons and forecasts of future sale. ▸ Procedures for recalculation, in collaboration with our specialists in information systems, of the net realisable value of the Group's finished product inventories.

- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Revenue recognition

Description

The Group has registered, under "Net Sales" heading of the consolidated income statement as of January 31, 2024, 32,851 million euros corresponding to the net sales made both in company-managed stores and on the online sales platform, which represent 91% of the Group's total sales.

The accounting recognition of sales is characterized by being highly automated and supported by the interaction of various information systems, which is why it is essential to maintain a control environment over them that guarantees their correct functioning.

Although the recognition of this revenue is not complex, we have considered this area as a key matter in our audit due to the relevance of the amounts involved, the high volume of transactions of not significant individually, and the complexity and high automation of the information systems that support the revenue recognition process, matters that involve a higher risk of material misstatement and require significant effort in our audit work.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.n) and 4 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the process established by Group Management revenue recognition, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the revenue recognition.
- Analysis, using data processing techniques, of the evolution of billing and collection cycles, and of the correlations between related accounts.
- Analytical procedures on sales and margins.
- Review, for a random representative sample, of the proper correlation of revenue with their respective cash inflows.
- Cut-off procedures for a sample of revenue transactions that occurred on dates close to the end of the fiscal year to verify proper accounting record.

- Identification and analysis of significant manual journal entries in the revenue accounting accounts.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Other information: consolidated directors report

Other information refers exclusively to the 2023 consolidated directors report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors report. Our responsibility for the consolidated directors report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated directors report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated directors report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and compliance committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Industria de Diseño Textil, S.A. and subsidiaries for the 2023 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Industria de Diseño Textil, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

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Additional report to the audit and compliance committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and compliance committee on March 13, 2024.

Term of engagement

The ordinary general shareholders' meeting held on July 12, 2022 appointed us as auditors for 3 years, commencing on the financial year ended on January 31, 2023.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signed on the original version In Spanish)

Hildur Eir Jónsdóttir
(Registered in the Official Register of Auditors under No. 18201)

March 13, 2024

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see below and Note 35). In the event of a discrepancy, the Spanish-language version prevails.

INDITEX

Consolidated income statement

(Amounts in millions of euros)	(Notes)	2023	2022
Net sales	(4)	35,947	32,569
Cost of sales	(5)	(15,186)	(14,011)
GROSS PROFIT		**20,762**	**18,559**
		57.8 %	57.0 %
Operating expenses	(6)	(10,853)	(9,867)
Other losses and income, net	(7)	(59)	(43)
GROSS OPERATING PROFIT (EBITDA)		**9,850**	**8,649**
Other results	(33)	-	(231)
Amortisation and depreciation	(8)	(3,041)	(2,899)
NET OPERATING PROFIT (EBIT)		**6,809**	**5,520**
Financial results	(9)	(11)	(214)
Results of companies accounted for using the equity method	(18)	72	53
PROFIT BEFORE TAXES (PBT)		**6,870**	**5,358**
Income tax	(25)	(1,475)	(1,211)
NET PROFIT		**5,395**	**4,147**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**14**	**17**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**5,381**	**4,130**
EARNINGS PER SHARE, euros	**(10)**	**1.729**	**1.327**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	(Notes)	2023	2022
Net profit		5,395	4,147
Items that will be reclassified to the income statement in future years			
Other comprehensive income recognised directly in equity:			
Translation differences related to financial statements of foreign operations		(40)	126
Cash flow hedges			
Profit	(26)	-	-
Loss	(26)	(1)	(14)
Tax effect		(1)	2
Total		**(42)**	**114**
Transfers to the income statement:			
Cash flow hedges			
Profit	(26)	14	(6)
Loss	(26)	-	-
Tax effect		(2)	2
Total		**12**	**(4)**
Total comprehensive income for the period		**5,365**	**4,257**
Total comprehensive income attributable to:			
Equity holders of the Parent		5,351	4,240
Non-controlling interests		14	17
Total comprehensive income for the year		**5,365**	**4,257**

Consolidated Balance Sheet

(Amounts in millions of euros)	(Notes)	31/01/2024	31/01/2023
ASSETS			
NON-CURRENT ASSETS		**16,719**	**15,344**
Rights of use	(16)	5,097	4,910
Other intangible assets	(15)	1,223	810
Goodwill	(17)	197	193
Property, plant and equipment	(14)	8,337	7,591
Investment property		24	24
Financial investments	(18)	398	334
Other non-current assets	(19)	269	278
Deferred tax assets	(25)	1,174	1,203
CURRENT ASSETS		**16,016**	**14,639**
Non-current assets held for sale	(33)	-	183
Inventories	(13)	2,966	3,191
Trade and other receivables	(12)	1,038	851
Income tax receivable	(25)	483	238
Other current assets		100	85
Other financial assets	(26)	7	8
Current financial investments	(21)	4,415	4,522
Cash and cash equivalents	(21)	7,007	5,561
TOTAL ASSETS		**32,735**	**29,983**
EQUITY AND LIABILITIES			
EQUITY		**18,672**	**17,033**
Equity attributable to the Parent		18,642	17,008
Equity attributable to non-controlling interests		30	25
NON-CURRENT LIABILITIES		**5,126**	**4,813**
Provisions	(22)	362	283
Other non-current liabilities	(23)	248	222
Financial debt	(21)	-	-
Non-current lease liability	(16)	4,123	3,924
Deferred tax liabilities	(25)	394	385
CURRENT LIABILITIES		**8,937**	**8,137**
Financial debt	(21)	16	13
Other financial liabilities	(26)	26	46
Current lease liability	(16)	1,428	1,517
Income tax payable	(25)	395	264
Trade and other payables	(20)	7,072	6,297
TOTAL EQUITY AND LIABILITIES		**32,735**	**29,983**

Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2023	2022
Profit before taxes and non-controlling interest		**6,870**	**5,358**
Adjustments to profit			
Amortisation and depreciation	(8)	3,041	2,899
Provisions for impairment		24	28
Results from companies consolidated by equity method	(18)	(72)	(53)
Lease financial expenses	(9)	196	116
Others		125	170
Income tax paid		(1,460)	(1,176)
Funds from operations		**8,723**	**7,343**
Variation in assets and liabilities			
Inventories		130	(193)
Receivables and other current assets		(341)	(58)
Current payables		154	(418)
Changes in working capital		**(56)**	**(669)**
Cash flows from operating activities		**8,667**	**6,674**
Payments relating to investments in intangible assets		(473)	(388)
Payments relating to investments in property, plant and equipment		(1,399)	(1,027)
Collections relating to investments in other financial investments		78	27
Payments relating to investments in other financial investments		(17)	(3)
Payments relating to investments in other assets	(19)	(17)	(18)
Collections relating to investments in other assets	(19)	11	54
Changes in current financial investments		107	(2,148)
Cash flows from investing activities		**(1,709)**	**(3,504)**
Payments relating to non-current financial debt		(1)	(1)
Payments relating to acquisition treasury shares		-	(61)
Changes in current financial debt		4	(17)
Lease payments fixed charge		(1,733)	(1,621)
Dividends		(3,744)	(2,914)
Cash flows used in financing activities		**(5,473)**	**(4,614)**
Net increase in cash and cash equivalents		1,484	(1,443)
Cash and cash equivalents at the beginning of the year	(21)	5,561	7,021
Effect of exchange rate fluctuations on cash and cash equivalents		(38)	(17)
Cash and cash equivalents at the end of the year	**(21)**	**7,007**	**5,561**

Consolidated statement of changes in equity

(Amounts in millions of euros)	Equity attributable to the Parent										
	Capital	Share premium	Retained earnings	Other reserves	Reserves of companies accounted for using the equity method	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Profit for the year	-	-	4,130	-	-	-	-	-	4,130	17	4,147
Profit distribution	-	-	(58)	-	58	-	-	-	-	-	-
Dividends distribution	-	-	35	-	(35)	-	-	-	-	-	-
Transfers	-	-	(66)	-	-	-	66	-	-	-	-
Hyperinflation and other movements	-	-	(150)	1	(2)	-	93	-	(58)	1	(57)
Other comprehensive income for the year	-	-	-	-	-	-	126	(16)	110	-	110
· Translation differences related to foreign operations	-	-	-	-	-	-	126	-	126	-	126
· Cash flow hedges	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Operations with equity holders or owners	-	-	(2,893)	(6)	-	(8)	-	-	(2,907)	(19)	(2,926)
· Treasury shares	-	-	-	-	-	(61)	-	-	(61)	-	(61)
· Share-based payments recognition	-	-	-	64	-	-	-	-	64	-	64
· Share-based payments exercise	-	-	2	(70)	-	53	-	-	(15)	-	(15)
· Dividends	-	-	(2,895)	-	-	-	-	-	(2,895)	(19)	(2,914)
Balance at 31 January 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**
Balance at 1 February 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**
Profit for the year	-	-	5,381	-	-	-	-	-	5,381	14	5,395
Profit distribution	-	-	(53)	-	53	-	-	-	-	-	-
Dividends distribution	-	-	31	-	(31)	-	-	-	-	-	-
Transfers	-	-	(48)	-	-	-	48	-	-	-	-
Hyperinflation and other movements	-	-	(34)	-	(2)	-	5	-	(31)	-	(31)
Other comprehensive income for the year	-	-	-	-	-	-	(40)	10	(30)	-	(30)
· Translation differences related to foreign operations	-	-	-	-	-	-	(40)	-	(40)	-	(40)
· Cash flow hedges	-	-	-	-	-	-	-	10	10	-	10
Operations with equity holders or owners	-	-	(3,746)	22	-	38	-	-	(3,686)	(8)	(3,694)
· Share-based payments recognition	-	-	-	78	-	-	-	-	78	-	78
· Share-based payments exercise	-	-	(10)	(56)	-	38	-	-	(28)	-	(28)
· Dividends	-	-	(3,736)	-	-	-	-	-	(3,736)	(8)	(3,744)
Balance at 31 January 2024	**94**	**20**	**17,991**	**562**	**299**	**(92)**	**(231)**	**(1)**	**18,642**	**30**	**18,672**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP 2023

At 31 January 2024

1. Activity and description of the Group

Industria de Diseño Textil, S.A. with registered office in Spain (Avenida de la Diputación s/n, Edificio Inditex, Arteixo, A Coruña), is the Parent of a fashion global group of companies present in 5 continents, the Inditex Group (hereinafter also 'the Group', 'the Inditex Group' or 'the Company'). Inditex is listed on all the four Spanish stock exchanges.

Our main activity consists of offering our customers an inspiring, high-quality and responsibly produced fashion proposal. This activity is carried out through various concepts: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Each concept operates through an online and store model that is managed directly by companies over which Inditex exercises control through the ownership of all or the majority of the share capital and of the voting rights, except in certain markets where, for several reasons, the business is carried out through franchises.

Certain franchise agreements entered into by the Group include purchase options which, if exercised, would essentially enable the Group to have access to the lease rights over the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

The Group holds joint ownership interests in the entities making up the Tempe Group. Based on an analysis of the contractual arrangements giving it joint control, the Group classified its ownership interest in the Tempe Group as a joint venture. The interest in the Tempe Group was accounted for using the equity method.

The Group does not have any other significant non-controlling interests.

Inditex has a unique business model that is clearly customer-oriented. This model helps face business environment challenges. The competitiveness in the sector, driven by new technologies and an increasingly awareness of environmental challenges, defines a context with a constantly evolving customer profile.

Furthermore, changes in macroeconomic, geopolitical, demographic and socioeconomic environment in supplier or distribution countries, or the retraction in consumption in certain markets, are, among others, factors which could affect the optimal achievement of our business targets. Business can also be affected by potential consequences of climate change, which could influence consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others.

The internationalisation policy, the Group's multi-brand format, its sustainable production commitments and the support for total integration of channels and new technologies as alternatives for customer communication and sales, represent a means of risk diversification that mitigates our overall exposure to risks in the market.

The operation of this business model would not be feasible without the integration and flexibility of every stage of our value chain: design, procurement and manufacturing, logistics and distribution, and lastly, sales in our physical stores and online platforms.

Our designers' creative talent and innate ability to interpret trends, together with the analysis of sales and the daily feedback from our stores and sales teams, consistently enable us to anticipate, and even pre-empt, what our customers want. In addition, their active promotion and search for more sustainable materials and production processes help to raise standards of quality and to reduce the social and environmental impact of our activity.

Manufacturing and procurement is based on environmentally and socially responsible management of the supply chain which ensures dignified working conditions for all the workers of suppliers and manufacturers. Our supply chain has a global presence, organised via 10 supplier clusters that concentrate 98% of total production (12 clusters and 98% of production in 2022), albeit with a very significant weighting of procurement in areas close to our headquarters in Spain. This, together with short production runs, gives us flexibility and control over the process, so we can adapt our commercial offering to changing trends as they arise.

The Group's various brands distribute their stock to stores and online warehouses around the world from centralised logistics hubs, efficiently integrating our store and online operations during the warehousing, shipping and distribution processes. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Control System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

All our physical stores and online platforms are merged into a single sales environment. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology to offer the best possible customer experience. We are always looking for ways to improve our stores—located in the world's most exclusive shopping hubs and equipped with cutting-edge technology—while launching innovative proposals with high-level fashion editorials for our e-commerce.

The people working in our Company is a key factor to make possible the sustained and sustainable development of this model, a diverse team with 174 nationalities (182 nationalities in 2022), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

At 31 January 2024, the various Group concepts had stores in operation with the following geographical distribution:

Number of stores

	Company Managed	Franchises	Total
Spain	1,120	37	1,157
Rest of Europe	2,467	160	2,627
Americas	602	172	774
Rest of the world	400	734	1,134
Total	**4,589**	**1,103**	**5,692**

At 31 January 2023, the geographical distribution of stores was as follows:

Number of stores

	Company Managed	Franchises	Total
Spain	1,187	38	1,225
Rest of Europe	2,486	157	2,643
Americas	597	153	750
Rest of the world	457	740	1,197
Total	**4,727**	**1,088**	**5,815**

The majority of company-managed store premises are held under leases. Information on the main terms of the leases is provided in Note 16.

2. Basis for preparation

The consolidated annual accounts of the Inditex Group, which Parent is Industria de Diseño Textil, S.A., for 2023 were prepared by the Board of Directors on 12 March 2024 and will be submitted for approval at the corresponding Annual General Meeting. It is considered that they will be approved without any changes. The consolidated annual accounts for 2022 were approved by the shareholders at the Annual General Meeting held on 11 July 2023.

These consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations (IFRIC and SIC) adopted by the European Union (IFRS-EU) and with the other provisions of the applicable regulatory financial reporting framework.

The financial year of the Parent (Inditex) and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2024 will hereinafter be referred to as '2023', the twelve-month period ended 31 January 2023 as '2022', and so on.

The consolidated financial statements are presented in euros, since the euro is the Group's presentation currency.

Unless otherwise stated, the amounts shown in these consolidated annual accounts are expressed in millions euros.

The separate annual accounts of Inditex for 2023 were prepared by the Board of Directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the equity and financial position of the Inditex Group at 31 January 2024, as well as the results of its operations, the changes in equity and the cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2023 were prepared on the basis of the accounting records of Inditex and of the other Group companies.

The Group uses certain performance measures additional to those defined in IFRS, since these measures include information that is essential to assess the evolution of the Group.

In the consolidated income statement, gross profit, EBITDA, EBIT and PBT are defined as follows:

- Gross profit: the difference between sales and the cost of sales. Note 4 and Note 5 contain detailed information on the items included in these line items in the consolidated income statement. The percentage gross profit is calculated as the gross profit in absolute terms as a percentage of net sales.

- Gross operating profit (EBITDA): earnings before financial results, results from companies consolidated by equity method, taxes, depreciation and amortisation and other results, calculated as the gross profit less operating expenses and other gains and losses, net.

- Net operating profit (EBIT): earnings before financial results, results from companies consolidated by equity method and taxes, calculated as EBITDA less depreciation and amortisation and other results.

- Profit before taxes (PBT): calculated as EBIT less financial results and results from companies consolidated by equity method.

Other alternative measures of performance are as follows:

- Return on capital employed (ROCE): defined as PBT divided by average capital employed in the year, average of equity attributable to the Parent plus average net financial debt for the year. The average capital employed considered for the ROCE calculation by concept relates to the non-current assets, excluding the deferred tax assets, of the concept.
- Return on equity attributable to the Parent (ROE): defined as net profit attributable to the Parent divided by average equity attributable to the Parent for the year.
- Working capital: defined as inventories plus receivables minus current payables, in the consolidated balance sheet.
- Net financial position: defined as cash and cash equivalents and current financial investments less current and non-current financial debt, with explicit interest (without considering lease debt).
- Average net financial debt: defined as current and non-current financial debt with explicit interest (without considering lease debt), less cash and cash equivalents and current financial investments, considered zero if the result is negative.
- Store operating profit: income generated by sales, at both physical stores and online, as well as all expenses directly attributable and necessary to generate said income.
- Quarterly results: calculated as the difference between the cumulative income statement at the end of each quarter less the cumulative income statement at the end of the immediately preceding quarter.
- Sales growth at constant exchange rates: year-on-year change in like-for-like sales growth, eliminating the exchange rate effect. This is defined as the calculation of sales in both periods, applying the exchange rate for the comparable period.
- Sales in comparable stores: year-on-year change in sales, considering those stores that have remained open continuously, without closures or refurbishments, throughout the entire period for comparison.

These consolidated annual accounts have been prepared on a going concern basis, in the absence of doubts as to the Group's ability to continue its operations. The assessment that there are no material uncertainties affecting the Group's capacity to continue with its operations was based on the following information:

- The Group obtained positive results in 2023 overall and in all of its operating segments (Note 11).
- Performance forecasts for Spring/Summer 2024.
- The capacity to adapt the supply chain to changing conditions.
- The flexibility of the model based on sales channel integration.
- The capacity to manage the financial risks to which the Group is exposed (Note 26 Financial instruments and risk management policy).
- The positive net financial position and the existence of sufficient undrawn financing facilities to fund the Group's activities (Note 21 Net financial position).

Conflict in Ukraine

As a result of the conflict in Ukraine, which began on 24 February 2022, the Group temporarily suspended operations in both Ukraine (from that very moment) and the Russian Federation (from 5 March 2022), as the normal operations throughout the region were prevented. Operations in the Russian Federation have been terminated (Note 33) and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024.

Macroeconomic environment

The uncertain and challenging macroeconomic and geopolitical environment were again hallmarks of this year. Many markets have continued to experience inflationary pressures, albeit more moderate than in previous years. As a result of tightening monetary policies, inflation has fallen, although still not reaching the central banks' objectives. Multiple markets have experienced pressure on operating costs, including labour costs as a result of employment misalignments.

Numerous economies have managed, so far, to adapt relatively seamlessly to the new interest rate context, although there have been episodes of instability, for example in the banking sector. Geopolitical instability worsened in the second half of the year. Global shipping chains were affected by disruption to the two main channels through which much of global trade moves. At the time of writing this report, most of the container vessels from Asia that ship our goods and that would normally pass through the Suez Canal are instead making their way around continental Africa. As a result, the average shipping times have increased by around a week, for now, however, there does not seem to be a risk of disruption to shipping chains or a shortage of either vessels and/or containers. There is a risk that shipping costs will increase as a result of higher fuel consumption and extraordinary extra costs. Our operations have not been significantly impacted to date.

In this very challenging context, once again the flexibility of our business model has come to the fore. Spending has been systematically and rigorously controlled.

Material estimates and measurement of uncertainty

In preparing the consolidated financial statements as at 31 January 2024 judgements and estimates were made in order to measure certain assets, liabilities, income, expenses and obligations reported herein. Below are the estimates and assumptions most exposed to uncertainty:

- The assessment of possible impairment losses on certain non-current, non-financial assets. In determining the recoverable value of non-current assets (in accordance with the methodology described in Note 3.2.f), estimates are made of the cash flows at cash-generating units (CGUs) for which purpose assumptions are made such as estimated sales growth at comparable stores, the performance of operating expenses and the gross margin of each of the CGUs. These estimates are based on the Group's past experience, as well as on macroeconomic indicators, and the costs incurred by the Group in relation to implementing the sustainability strategy are also considered. Accordingly, these estimates are affected by uncertainty to the extent that they depend on the future performance of each cash-generating unit and on the possibility of there being events outside the Group's control (such as mandatory temporary closures of physical stores for health reasons), the evolution of the conflict in Ukraine, or a general decline in the economic environment that worsens revenue forecasts, as well as the costs increase.

- The determination of inventory costs and its net realisable value. In establishing the recoverable value of inventories (in accordance with the methodology described in Note 3.2.h), estimates of net realisable value are used, based on assumptions linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the percentage discount. These estimates are affected by uncertainty to the extent that they depend on future events associated with the collections' commercial success.

- The opinions related to the determination of the lease term, as well as the estimation of the discount rates applied in the measurement of the liability under IFRS 16.

- The assessment of counterparty credit risk of financial institutions in which the Group holds cash and cash equivalents and current financial investments.

The remaining estimates, judgements and assumptions considered in preparing these consolidated annual accounts are as follows:

- The consideration of the online business in the model of the non-current assets impairment test.

- The useful life of property, plant and equipment, intangible assets and investment property.

- The fair value of certain assets, mainly financial instruments.

- The assumptions used in the actuarial calculation of liabilities for pensions and other obligations with employees.

- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.

- The recovery of deferred tax assets on the basis of the existence of future taxable profits.

The estimates used took into account the risks deriving from climate change. The costs linked to the sustainability strategy are factored into the Group's budgets and business plans which generally cover a 3-year period, and are used to test the impairment of the Group's non-financial assets (Note 3.2.f). However, given the nature of the Group's assets and the mitigation measures that it is implementing as part of its sustainability strategy (Note 32), the risks deriving from climate change or the costs and investments stemming from compliance with the sustainability objectives established by the Group are not considered to have a material impact on the estimates of the useful lives of assets, the realisable value of inventories or the analyses in the impairment testing of non-financial assets.

These estimates were made using the best information available at the time of preparation of this consolidated annual accounts. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with IAS 8.

In preparing these consolidated annual accounts the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

The basis of consolidation and accounting policies applied are disclosed in Note 3.

3. Selected accounting policies

3.1. Basis of consolidation

i) Subsidiaries

Subsidiaries are entities over which the Parent has control and, therefore, the power to govern their financial and operating policies (Note 1). Subsidiaries are consolidated by aggregating the total amount of their assets, liabilities, income, expenses and cash flows, after making the adjustments and eliminations relating to intra-Group transactions. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the effective acquisition date. A detail of the subsidiaries is provided in Annex I.

For business combinations any excess of the consideration transferred plus the value assigned to non-controlling interests over the net amounts of the assets acquired and the liabilities assumed is recognised as goodwill. Where appropriate, the deficiency, after assessing the amount of the consideration transferred, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in profit or loss.

Acquisitions of equity interests in businesses subsequent to obtaining control and partial disposals that do not result in a loss of control are recognised as transactions with shareholders in equity.

The non-controlling interests shown in the consolidated statement of changes in equity relate to non-controlling interests in subsidiaries, and they are presented in consolidated equity separately from the equity attributable to shareholders of the Parent.

The profit or loss and each component of other comprehensive income are allocated to the equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their interests, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The share of non-controlling interests of the equity and income of the subsidiaries is presented under 'Equity attributable to non-controlling interests' and 'Net profit attributable to non-controlling interests', respectively.

ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual arrangement. As indicated in Note 1, on the basis of the analysis performed of the contractual arrangements, the Group classified these interests as joint ventures. Pursuant to IFRS 11, Joint Arrangements, these entities are accounted for using the equity method in the consolidated financial statements. A detail of the jointly controlled entities is included in Annex I.

iii) Harmonisation of criteria

Each of the companies included in the scope of consolidation prepares its annual accounts and other accounting records in accordance with the corresponding reporting standards, based on the legislation in force in the country of origin. Where these recognition and measurement criteria differ from those adopted by the Inditex Group in preparing its consolidated annual accounts, they are adjusted in order to present the consolidated annual accounts using uniform accounting policies.

iv) Intra-Group eliminations

All intra-Group receivables, payables and transactions, and any intra-Group gains or losses not yet realised vis-à-vis third parties, are eliminated in the consolidation process.

v) Translation of financial statements denominated in foreign currencies

The financial statements of companies with a functional currency other than the euro, except in the case of hyperinflationary countries, have been translated as follows:

- Assets and liabilities are translated to euros at the exchange rates prevailing at year-end.
- Items composing the equity of these companies are translated to euros at the historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).

- Income and expenses are translated to euros at the exchange rates prevailing at the dates on which they were recognised, while average exchange rates are used in those cases in which the application of this simplifying criterion does not generate significant differences.

The differences arising from the application of these exchange rates are included in consolidated equity under 'Translation differences'.

However, exchange differences arising from trade balances payable and receivable and financing transactions between Group companies, with foreseeable settlement, are recognised in profit or loss for the year.

vi) Financial statements in hyperinflationary economies

Since 1 August 2018 and 31 July 2022, Argentina and Türkiye respectively been considered hyperinflationary economies. Consequently, the Group's financial statements of Argentine subsidiaries, until its removal from the consolidation perimeter (Note 33) and Turkish subsidiaries (see Annex I) have been integrated into the consolidated financial statements by making the hyperinflation adjustments provided for in IAS 29 in order to reflect changes in the overall purchasing power of their currencies; that is, the financial statements that were at historical values have been restated to current values, by applying the corresponding general price index, and converted to the Group's presentation currency. Conversion was based on the closing exchange rate between the euro and the Turkish lira (32.9 Turkish lira per euro) and, in the case of the Argentine peso, the exchange rate on the date of the subsidiary's removal from the consolidation perimeter (Note 33) which was 395.25 Argentine pesos per euro.

General price indexes of general acceptance in Argentina and Türkiye have been used to restate the financial statements at current values. Specifically, the Wholesale Price Index for the balances prior to 2017 (IPM) and the Consumer Price Index (CPI) for the balances from 2017 onwards have been used in Argentina. In turn, the Consumer Price Index (CPI) has been used in Türkiye.

These adjustments were made retrospectively from 1 February 2018 in Argentina and 1 February 2022 in Türkiye. Hyperinflation adjustment has not been significant in the net profit attributable to the Parent or the net equity of the Group.

There are no other companies in the consolidation perimeter of the Group, with the exception of the aforementioned, which have been considered hyperinflationary economies.

vii) Companies with a reporting date that differs from that of the Group

Companies with a reporting date that differs from that of the consolidated annual accounts were consolidated using the financial statements at their respective reporting dates (see Annex I). Temporary adjustments are made to reflect the effect of significant transactions occurring between the reporting date of these subsidiaries and that of the consolidated annual accounts.

viii) Changes in the scope of consolidation

Annex I details all the companies in the consolidation perimeter. In 2023, the following changes occurred in the consolidation perimeter:

- Sale to the Daher Group of all the shares in the Russian company Joint Stock Company New Fashion, and to the Trade Alliance Holding Corp Group of all the shares in the companies Zara Argentina, S.A. and G. Zara Uruguay, S.A. (Note 33).

- The following companies were dissolved and, if applicable, liquidated: Bershka Cis Limited Liability Company, Massimo Dutti Korea, Ltd., Massimo Dutti Limited Liability Company, Massimo Dutti Uk, Ltd., Oysho Cis Limited Liability Company, Oysho Commercial (Shanghai) Co Ltd., Pull And Bear Cis Limited Liability Company, Pull & Bear Korea, Ltd., Stradivarius Korea, Ltd., Tempe México, S.A. de C.V., Uterqüe México, S.A. de C.V., Zara Home Cis Limited Liability Company, Zara Home Korea, Ltd., Zara Home Uk, Ltd.

3.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2023

The accounting policies used to prepare these consolidated annual accounts are the same as those applied to the consolidated annual accounts for the year ended 31 January 2023, since none of the standards, interpretations or amendments that are applicable for the first time this year have had an impact on the Group's accounting policies.

Standards and amendments issued and approved for application in the EU in reporting periods beginning on or after 1 January 2024

The Group is analysing the impact of the new standards and amendments to the existing ones entering into force in the European Union from 1 January 2024 onwards, although they are not expected to have a material effect on the consolidated annual accounts on the date on which their application becomes mandatory in the European Union.

Standards issued and pending approval for use in the European Union

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, as soon as they enter into force, if they are applicable to it. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group estimates that their initial application will not have a material impact on its consolidated annual accounts on the date when their application becomes mandatory in the European Union.

a) Translation of foreign currency balances and transactions

Foreign currency transactions are translated by applying the exchange rates prevailing at the date of the transaction (except in the case of hyperinflationary countries). Monetary assets and liabilities denominated in foreign currencies are translated to euros at the end of the reporting period using the closing rate. Exchange differences arising on translating these items at those exchange rates are recognised in the consolidated income statement for the year as financial result.

In presenting the consolidated statement of cash flows, cash flows arising from transactions in a foreign currency are translated to euros by applying the exchange rates at the date of the cash flow. The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the statement of consolidated cash flows under 'Effect of exchange rate changes on cash and cash equivalents'.

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognised (Note 3.2.f).

Depreciation is taken on a straight-line basis over the estimated useful lives of the assets.

The estimated average useful lives are as follows:

Description	Useful life (years)
Buildings	25 to 50
Fixtures, furniture and machinery	8 to 20
Other property, plant and equipment	4 to 13

The Group reviews the useful lives of its property, plant and equipment at each financial year-end. Any change in the initially established estimates is accounted for as a change in an accounting estimate.

After initial recognition of an asset, only those costs that it is probable will give rise to future economic benefits and that can be measured reliably are capitalised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss as they are incurred.

c) Other intangible assets

The main intangible assets of the Group are:

- Industrial property: intellectual property is charged for the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group. It is amortised on a straight-line basis over a maximum period of ten years.

- Computer software: software is stated at cost and is amortised on a straight-line basis over a five to ten-year period.

- Industrial designs: these items are reflected at their production cost, which includes the cost of samples, staff costs and other directly or indirectly attributable costs, and are amortised on a straight-line basis over an estimated useful life of two years.

- Intellectual property: stated at cost and includes costs of right-of-use and development of online content. Amortised on a straight-line basis in less than one year.

- Other intangible assets: contractual rights relating to the reopening and operation as a franchise of the assets transferred in the sale of the Russian business (Note 33). They are measured at the carrying amount of the asset delivered, and are amortised on a straight-line basis over a maximum period of 11 years.

The Group reviews the useful lives of its intangible assets at each reporting date. Any change in the initially established estimates would be accounted for as a change in an accounting estimate.

d) Equity holdings or instruments

Investments in companies over which the Group does not exercise significant influence are recognised at fair value through income statement.

e) Investment property

Investment property consists of assets held to generate rental income or for capital appreciation or both, and is stated at cost of acquisition less accumulated depreciation and any impairment losses that have to be recognised (Note 3.2.f). Investment property is depreciated on a straight-line basis over the useful lives of the corresponding assets.

f) Impairment of non-current assets

The Group periodically assesses whether there are any indications that its non-current assets, including goodwill, might have become impaired, in order to determine whether their recoverable amount is lower than their carrying amount (impairment loss). In the case of goodwill the impairment tests are performed at least once a year or more frequently if there are indications of impairment.

Impairment of non-current assets (property, plant and equipment and intangible assets) other than goodwill

The Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances, principally an analysis of commercial premises that have passed the initial period of consolidation determined by the Group for the generation of profits and which are incurring operating losses, as well as operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full. This methodology is applied to all the stores, except for those which, because of their importance, are considered to generate flows at a higher aggregation level (concept-country), as is the case of flagship stores and corporate assets. Flagship stores are those whose characteristics (basically their being in Premium locations) globally contribute to the overall set of the same brand's cash-generating units located in the country. For the impairment test, flagship stores are considered together with the other cash-generating units of a single concept and country.

Corporate assets essentially refer to the distribution centres, and the impairment tests are performed grouping together the cash generating units of each operating segment.

The operating profit is defined as total sales revenue less all the directly attributable expenses required to generate that revenue.

For those cash-generating units (CGUs) that are scheduled to be closed, an impairment loss is recognised using the same methodology.

In determining the assets with each CGU, the Group includes the net carrying amount of property, plant and equipment and intangible assets associated with that CGU, and the rights of use stemming from the lease agreements. Directly-related lease liabilities are not taken into account when determining the carrying amount of the CGU. Hence, in order to ensure consistency, the lease payments associated with this liability are not treated as cash outflows in calculating the cash flows of each CGU.

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset, and other factors that market participants would consider in pricing the future cash flows to be derived from the asset.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Based on the actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated at concept-country level, or even at the level of all the companies located in a given country or all the companies corresponding to a given concept (concept level). Group assets which are not clearly assignable under this structure (for example industrial or logistics assets) are treated separately in a manner consistent with this general policy but considering their specific nature. In this case, the aforementioned indicator of impairment is applied at a higher aggregation level (concept-country, country or concept) and if it is necessary to calculate the impairment, all the cash flows generated at that aggregation level must be capable of ensuring the recovery of all the assets associated therewith.

The Group uses the budgets and business plans, which generally cover a period of three years, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are based are estimated sales growth in comparable stores and the evolution of the operating expenses and gross profit of each of the cash-generating units, based on experience and knowledge of the trends in each of the markets in which the Group operates and on the macroeconomic indicators that reflect the current and foreseeable economic situation for each market. Considering the Group's business model, online sales and associated costs by concept/country are attributed proportionally to the cash-generating units of each concept/country.

The estimated cash flows are extrapolated to the period not covered by the business plan using a growth rate and expense structure that are similar to those of the last year of the business plan in the remaining term of the leases for the commercial premises or without any time limit in the case of company-managed premises (perpetual income). Where the growth rates exceed the industry or country rates, the latter reflect Group's best estimates regarding the business performance, based on its understanding of each market.

The discount rate used is based on the weighted average cost of capital (WACC), which reflects the financing cost of the company adjusted for its capital structure (it is considered the lease liability). For its calculation, among other variables, the country risk premium of each of the Group's regions is used, as well as a risk-free rate derived from the curves of the most liquid 10-year bonds on the market.

The post- tax average discount rate, resulting from those applied by the Group in the various markets, used for the purpose of calculating the present value of the estimated cash flows was as follows:

	2023 Average	2022 Average
Spain	9.68 %	8.41 %
Rest of Europe	12.48 %	8.95 %
Americas	10.90 %	12.29 %
Asia and rest of the world	9.52 %	7.47 %

The recoverable value of the assets calculated with pre-tax discount rates would not differ, since these are in the following averages:

	2023 Average	2022 Average
Spain	9.76 %	8.55 %
Rest of Europe	12.57 %	9.06 %
Americas	11.06 %	12.51 %
Asia and rest of the world	9.64 %	7.58 %

In testing the impairment of fixed assets, the key assumptions on which the budgets and business plans are built have been updated with the most recent information available, which factors in the uncertainty generated by the current macroeconomic and geopolitical environment, the demand for the products sold by the Group and other considerations affecting the estimated operating margin of each of the cash-generating units.

The results obtained from the 2023 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in these Notes 14, 15 and 16 to the consolidated annual accounts relating to property, plant and equipment, other intangible assets and leases.

The related charge for the period amounting to 80 million euros (64 million euros in 2022) (Notes 8, 14, 15 and 16) is due primarily to the impairment corresponding to the closures scheduled and the impairment calculated based on the methods described previously.

Impairment losses reversed in the period amounting to 32 million euros (11 million euros in 2022) (Notes 8, 14, 15 and 16) correspond to those CGUs for which impairment had been recognised in prior years and for which, due to their earnings performance, the calculation for the year shows that the estimated flows make it possible to recover the value of the assets associated with the CGUs and, consequently, the impairment losses recognised in prior years are fully or partially reversed.

In addition, considering the current macroeconomic context and the upward trend in interest rates, the Group has carried out a sensitivity analysis of the result of the impairment test given the following changes in assumptions:

- A 200 basis point increase in the discount rate.
- A 10% reduction on future flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to 3 and 7 million euros for each of the assumptions, respectively.

Impairment of goodwill

Goodwill acquired through a business combination is allocated to the group of basic cash-generating units aggregated at concept-country level, for the purpose of performing the related impairment tests. This aggregation is made on the basis of:

- The degree of independence of the cash flows in each case.
- How the Group monitors the economic performance of its operations, and the model with which its operations are conducted.
- The degree to which the CGUs are subject to the same macroeconomic circumstances.
- The level with which the goodwill would be naturally associated on the basis of the business model.

In any case, this aggregation is never larger than an operating segment, as defined in IFRS 8.

Each year, or more often if there are indications of impairment, an impairment test is performed, using the methodology described in the preceding point, unless, if the CGU in question is an acquired company, the cash flow analysis is performed considering a period of five years, after which perpetual income is projected using a perpetuity growth rate of 2% with respect to the growth of the preceding period. The impairment tests for 2023 and 2022 did not give rise to the recognition of any impairment loss on goodwill.

In addition, the Group has performed a sensitivity analysis similar to the one described in the section on non-current fixed assets. This sensitivity analysis does not imply any additional impairment in 2023.

Reversals of impairment losses

Reversals of impairment losses on fixed assets are recognised with a credit to 'Amortisation and depreciation' in the consolidated income statement, up to the limit of the carrying amount that the asset would have had, net of depreciation or amortisation, had the impairment loss never been recognised, solely in those cases in which, once the internal and external factors have been assessed, it can be concluded that the indications of impairment that led to the recognition of the impairment losses have ceased to exist or have been partially reduced.

The reversal of an impairment loss for a CGU is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets and taking into account the limit for the reversal referred to in the preceding paragraph.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

g) Trade and other receivables

Receivables are initially recognised at fair value and subsequently at their amortised cost in accordance with the effective interest rate method, less the provision for losses through impairment.

A provision for impairment losses of trade receivables is established when the requirements set out in section l) Financial instruments are complied with. The amount of the provision is recognised in the income statement.

h) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The cost of inventories comprises all costs of purchase and costs of conversion, as well as design, logistics and transport costs and any directly allocable costs incurred in bringing the inventories to their present location and condition.

The costs of conversion comprise the costs directly related to the units of production and a systematically calculated portion of indirect, variable and fixed costs incurred during the conversion process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labour and manufacturing expenses.

At each accounting close, the Group calculates the provision corresponding to the inventories that are estimated to be sold below their acquisition price. This provision is made for each campaign and for each concept.

Net realisable value is understood to be:

- Raw materials and other supplies: replacement cost. However, raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be disposed of at or above production cost.
- Goods in progress: the estimated selling price for the corresponding finished goods, less estimated costs of completion.
- Finished goods for sale: estimated selling price in the normal course of business. In this regard, the Group's goods are sold in stores and online. Additionally, and to a very limited extent, goods not sold in stores or online are sold through third parties.

The selling price of goods varies over the course of their commercial lifetime, and during sale season a part of the various collections is sold at a discount.

To determine net realisable value, all costs necessary for the realisation of the sale, both incremental and direct costs specific to the realisation of the sale, are taken into account. In this regard, the Group does not have notable direct and specific costs linked to the sale of provisioned items. However, the Group has indirect selling costs such as staff or store lease expenses; following an accounting treatment similar to that of IAS 36 (definition of 'costs of disposal') and IFRS 5 (definition of 'costs to sell'), the Group considers that these costs should not be taken into account in the determination of the net realisable value provision, as they are not considered direct and specific costs.

Furthermore, the determination of net realisable value is influenced by the evolution of various commercial variables, linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the discount percentage.

The Group's methodology for estimating the performance of these commercial variables consists of taking as a basis the historical information, the actual performance of the current collection up to the date on which these estimates are made and the end-of-campaign forecasts, i.e. considering not only the performance of the various commercial variables of similar campaigns in previous years, but also the actual data and forecasts of how the current campaign will develop in order to evaluate and consider the impacts associated with possible deviations from the historical performance. This analysis is carried out for each concept to ensure maximum reliability of the estimates.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, on initial investment. Investments which mature in less than three months from the acquisition date are also included.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities relating to bank borrowings.

j) Employee benefits

Obligations to Group personnel to be settled in the long term are estimated based on the dates on which they vest through the application, where appropriate, of actuarial assumptions. The Group has allocated a provision to cover the liability corresponding to the estimated portion vested at year end.

The staff costs incurred in the year are determined based on the best estimate of the degree to which the conditions giving entitlement to payment have been met and the period that has elapsed since the commencement of the vesting period for each of the obligations.

The staff costs incurred in relation to the beneficiaries of the plans referred to in Note 27 to the consolidated annual accounts are recognised with a credit to liability and equity accounts in the period in which the costs are incurred.

k) Provisions and contingent liabilities

Provisions are recognised in the balance sheet when:

- the Group has a present obligation (legal or constructive) as result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are quantified on the basis of the best information available at the date of preparation of the annual accounts and are reviewed at the end of each reporting period.

If it is no longer probable that an outflow of resources will no longer be required to settle the obligation, the provision is reversed. The provision is reversed against the consolidated income statement item where the corresponding expense was recognised.

There are no risks that might give rise to significant future contingencies affecting the Group that have not already been taken into account in these consolidated annual accounts.

On the other hand, contingent liabilities are possible obligations that arise as a result of past events, whose future materialisation is conditioned by whether or not one or more future events beyond the control of the Group occur. Unlike provisions, contingent liabilities are not recognised in the consolidated balance sheet, but are disclosed in the accompanying notes to the annual accounts, unless the possibility of an outflow in settlement is considered to be remote.

The Group guarantees the debts of certain companies in the Netherlands, pursuant to the provisions of Article 403.1, Book 2, Part 9 of the Civil Code of the Netherlands.

I) Financial instruments

Financial assets

The Group's financial assets are maintained within a business model that aims to collect the contractual cash flows of financial assets, which are exclusively the principal and interest. For this reason, all of the Group's financial assets are valued after the initial recording at amortised cost, with the exception of bonds and derivative financial instruments, which are valued at their fair value.

Financial assets recognised at amortised cost: the amortised cost is determined using the effective interest rate method, which is the discount rate that equals the value of all future expected cash flows of a financial asset during its remaining life, excluding losses for impairment, to the value of said financial asset at the time of initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is initially recognised, less the repaid principal amounts, plus interest recognised by the effective interest rate method, less any impairment loss. The interest income derived from the application of the effective interest rate method is recognised as a financial result in the consolidated income statement. However, given that most of the Group's financial assets valued at amortised cost correspond to accounts receivable from customers and temporary financial investments, with maturities in the short term, the impact on the consolidated income statement for the years 2023 and 2022 of the effective interest rate method is not relevant.

Financial assets measured at fair value: investment funds, as well as derivative financial instruments, which are maintained within the exchange rate risk hedging policy, are measured at their fair value. On the other hand, securities (which for the most part correspond to the guarantees of compliance with lease contracts for premises), are valued at their fair value, which does not differ significantly from the value of the consideration given.

Impairment of financial assets

The Group recognises a provision for impairment for financial assets recognised at amortised cost. This provision is updated at each closing date to reflect changes in the credit risk of each financial instrument since its initial recognition.

The Group's policy is to recognise the credit losses expected at 12 months, provided that:

- The credit risk is low at the time of initial recognition of the financial asset.
- The credit risk has not increased significantly since recognition date.

Otherwise, the Group would recognise the expected loss during the life of the financial asset. In such case, interest is calculated on the gross value of the financial asset. Additionally, if after the significant increase in credit risk, objective evidence of impairment of the financial asset is shown, interest is calculated considering the value of the financial asset, net of the recognised impairment. On the other hand, it is considered that a financial asset is unpaid when its expiration date has not been reimbursed.

To measure credit losses expected at 12 months on financial instruments other than trade receivables (Note 26) a methodology is used based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), using market information. This methodology enables expected credit losses from the counterparty to be measured at the time of the initial recognition of the financial assets and allows it to be determined whether, at each accounting close date, there has been a significant increase in the risk of these financial assets or if the counterparty has incurred in default. This information is subject to periodic review by the Group's Management, which determines when there has been a significant increase in the counterparties' estimated credit losses. The estimated impairment loss is not significant, since almost all financial assets have a low risk.

In turn, for accounts receivable of commercial origin (Note 12), the Group has a methodology analogous to the one described above (Note 26), although in this case the measurement of credit risk of the counterparties is based on factors that affect the ability of debtors to meet payment obligations, such as factors of the economic environment where they operate or the history of defaults of the counterparty with the Group.

Likewise, a commercial debtor is considered to have incurred non-payment when it has not met its obligations at maturity, in which case a provision is established based on seniority for the past due balances held with said debtor.

Derecognition of financial assets

Financial assets are derecognised from the consolidated balance sheet when the contractual rights to receive cash flows from the asset expire or when substantially all the risks and benefits associated with their property are transferred to another entity.

m) Derivatives and hedging operations

Financial instruments acquired by the Group to hedge forecast transactions in foreign currencies are initially recognised at fair value.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the hedging instrument at fair value which correspond to the effective portion of the hedge are recognised in equity. The ineffective portion is charged to finance costs or credited to finance income, as appropriate.

Amounts recognised in equity are taken to income when the forecast transaction takes place with a charge or credit to the income statement heading under which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or costs when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under 'Other financial assets' or 'Other financial liabilities' in the accompanying consolidated balance sheet.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. Also, the Group verifies, both at inception and periodically over the term of the hedge, using 'effectiveness tests', that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. In addition, the ineffective portion of the hedging instrument is recognised immediately in the income statement.

Any gains or losses from changes in the fair value of financial instruments that are not considered to be accounting hedges are recognised directly in the income statement.

The fair value of the instruments was calculated using valuation techniques based on the spot exchange rate and yield curves, according to the fair value hierarchy shown below:

Level 1

Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Fair value is calculated on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

A fair value measurement in which some significant variable is based on unobservable inputs for the asset or liability.

The measurement methodology, based on the aforementioned hierarchy, is as follows:

Level 2 instruments

The Group assigns the assets and liabilities associated with its OTC derivative positions to this level and measures them using observable market inputs.

Level 3 instruments

The Group allocates assets and liabilities related to its derivative positions where there are no observable market inputs. They are estimated through implicit market forward curves and extrapolations of observable market data. In the case of options, pricing models based on Black & Scholes formulas are used.

The Group does not have financial instruments included in Level 1.

Accordingly, the fair value of the instruments arranged by the Group is calculated as follows:

Foreign currency forwards
Fair value measurement

Foreign currency forwards are basically measured by comparing the contract strike price (agreed delivery price) with the market forward rate for the maturity of the contract. Once the estimated future settlement of the contract has been obtained based on the aforementioned comparison (in euros), the settlement is discounted using the risk-free zero coupon yield curve (or the interbank yield curve). This risk free valuation is subsequently adjusted to include each party's credit risk, both the risk corresponding to the counterparty (Credit Value Adjustment or 'CVA' or counterparty default risk) and own risk (Debit Value Adjustment or 'DVA' or own default risk).

The CVA and the DVA are calculated by multiplying the estimated exposure by the probability of default and the loss severity (which measures the loss given default). Where possible, the probability of default and the assumed recoverable amount in the event of default are obtained from quoted CDSs or from other observable market inputs. The CVA and the DVA calculations are netted for each counterparty with which the entity has an ISDA master agreement providing for the netting of the derivative positions in the event of default.

Options purchased
Fair value measurement:

The determination of the fair value of the ('Plain Vanilla') options is based on a modified version of the Black-Scholes formula (Garman-Kohlhagen). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying. The credit adjustment is carried out by direct discounting with credit spread method curves.

Options sold
Fair value measurement:

The determination of the fair value of the options is based on a modified version of the Black-Scholes formula (Black 76 Model). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying.

n) Revenue recognition

Revenue from sales is recognised when the commitment obligations with the customers have been satisfied and which, in general, occurs when the goods are given to the customer. Revenue is recognised by the value of the consideration received. Sales returns, actual and anticipated, are considered part of the total price of each sale transaction. The amount of the provision for expected refunds at the end of the financial year is not relevant in the accompanying consolidated income statement.

Sales of goods to franchises are recognised when control of the goods is transferred to the franchises. On the other hand, income from royalties received from franchisees is recognised as the franchisee makes use of the rights obtained through the franchise agreement.

In the accompanying consolidated balance sheet no assets nor liabilities have been recorded by contract, as they are not considered significant.

There are no significant contracts with financing components.

o) Leases

The Group actively manages a large number of lease contracts (more than 6,000 contracts).

The leases recognised in which the Group acts as the lessee relate mainly to the premises where the stores are located. It has also been determined that certain contracts for logistics services are leases based on the terms of said contracts which grant the Group exclusive access to the logistics facilities where these services are provided.

The contracts are very heterogeneous and the clauses agreed depend to a large extent on the market, the concept, the lessor, the specific location, whether they are in shopping centres or are street level stores, etc.; in short, they depend on each location and lessor, although the Group's policy is to always seek maximum flexibility (for example, through the absence of mandatory compliance periods and penalties, the longest possible extension options, variable payments that depend on the performance of the leased asset, etc.).

At the start date of each contract, the Group assesses whether a contract is or contains a lease. For those contracts that qualify as such, the Group recognises a liability for the present value of the lease payments known at the inception, to be made over the term of the lease and an asset for the right to use the underlying asset over the lease term. Right of use assets are measured at cost (which includes initial direct costs incurred, any lease payments made before or at the inception of the lease less incentives received) less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The rights of use are amortised on a straight-line basis over the term of the lease.

Lease incentives include amounts received from shopping centre developers or owners of commercial premises as consideration for entering into a lease contract. They mainly correspond to amounts for refurbishing the leased premises to ready them for their intended use (contributions to construction work).

In the case of leases with fixed rents or guaranteed minimum rents, the contributions to construction work diminish the right-of-use asset, whereas in the case of leases with variable rents (for which a right-of-use asset is not previously recognised), these contributions are recognised as a non-current liability under 'Other non-current liabilities - Lease incentives' and the portion expected to be taken to income in the following year as a current liability under 'Trade and other payables'. These contributions linked to variable rental lease contracts are credited to income as a reduction in lease expenses under 'Operating expenses' over the lease term.

The right to use the asset is presented under the 'Rights of use' heading in the consolidated balance sheet.

The lease liability is initially measured at the present value of the known lease payments, except for those made before or at the commencement date of the contract. The present value of the lease liability is determined using an incremental interest rate by country, term and currency, based on the type of assets leased.

The lease payments included in the liabilities comprise:

- Fixed payments (including fixed payments in essence), less any incentive to lease receivables;
- Variable lease payments, which depend on an index or rate;
- Amounts the lessee expects to pay as residual value guarantees;
- The exercise price of a call option if the lessee is reasonably sure of exercising that option;
- Payments for penalties resulting from lease termination, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

Variable lease payments, which do not depend on an index or rate, are not included in the measurement of the lease liability and or of the right-of-use asset, and are recorded as an operating expense as they accrue.

The contingent rents, common expenses and other expenses related to the lease do not form part of the determination of the lease liability and of the right of use, and are recognised as an expense in the income statement on an accrual basis. Fixed-rent payments are replaced by the depreciation of the right of use and the interest recognised over the lease liability.

The lease liability is presented in two separate lines on the consolidated balance sheet, 'Long-term lease liability' for the liability to be settled over a period exceeding 12 months and 'Short-term lease liability' for the portion to be settled in the next 12 months.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes the corresponding adjustment to the right of use) when:

- There is a change in the term of the lease or a significant change in facts and circumstances that results in a change in the assessment of the exercise of an extension option, in which case the lease liability is measured by discounting the revised payments at the revised discount rate.
- A change in future lease payments results from a change in an index or a change in the expected payables related to a residual value guarantee, in which case the lease liability is measured by discounting the changed payments at the discount rate before the change.
- A lease is amended and the amendment is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments at a revised discount rate.

The Group applies the exemption relating to leases whose underlying asset is considered to be of low value. For these contracts, the Group recognises the lease payments as an operating expense over the term of the contract.

The Group applies IAS 36 to determine whether the right to use the asset is impaired, following the procedures described in section f) 'Impairment of non-current assets' of this note on accounting principles. In particular, the right of use arising under a lease agreement is deemed to be an asset of the cash-generating unit with which it is associated.

Application of IFRS 16 requires significant judgements regarding certain key estimates, such as determination of the lease term and the discount rate (Note 2).

There is also considerable diversity in the terms agreed in the lease contracts, although the Group's policy is always to seek maximum flexibility with short or even non-existent mandatory periods and unilateral extension options for the Group that are as long as possible.

The mandatory term agreed in lease contracts averages less than 3 years. After these non-cancellable periods, the Group can terminate the contract simply by means of notice, generally of between 6 months and one year.

To determine the lease term there is an assessment of whether the lessee has reasonable certainty that they will exercise the lease extension option, or that they will not exercise the option to terminate the lease. The Group determines the lease term as the non-revocable period of the lease plus those unilateral options for extensions over which there is reasonable certainty of execution, and for which the following aspects are considered:

- The costs related to contract termination. There are generally no penalties for contract termination, other than the payment of fixed rents for non-cancellable periods, and there are no residual value guarantees.
- The importance of the leased asset for the Group's operations. The assets leased (individually) are not critical to the Group's operations, although there are certain key locations which contribute to the Group's image (flagship stores) or in which very significant investments have been made, where the degree of certainty regarding the execution of extension options or non-execution of cancellation options is higher.
- The conditions to be complied with in order to exercise or not exercise the options. Generally the required conditions are of an

administrative nature, such as the deadline by which the intention to exercise the option needs to be notified, etc.

- The historical experience and the business plans approved by the Group's Management, which generally cover a 3-year period. These business plans consider the Group's strategic lines in order to anticipate and adapt to the transformation process currently underway in the sector as a result of the development of online sales. The Group periodically reviews these business plans and incorporates, among others, initiatives relating to the stores it plans to absorb or refurbish.

As mentioned above, the Group has a wide variety of lease contracts and has performed a case-by-case analysis to determine the lease term of each contract. This analysis shows that the terms of leases vary widely, in a range of between 2 and 15 years. Stores earmarked for closure are not included in the above range and the term is adapted to the estimated date of closure.

The present value of the lease liability is determined using the implicit interest rate in the lease, and if this cannot be easily determined the lessee will use its incremental debt interest rate. Given the difficulty of determining the implicit interest rate of each lease, the Group uses its incremental interest rate by market, term and currency, based on the type of assets leased. The average weighted rate according to the lease of each contract by geographical area is as follows:

	2023	**2022**
Spain	4.06 %	2.20 %
Rest of Europe	3.57 %	2.43 %
Americas	5.19 %	4.80 %
Asia and rest of the world	3.67 %	3.10 %

As stated above, the Group performs very active management of its lease agreements, which leads to a high volume of additions, removals and contractual amendments. These amendments will add an additional variability factor to the Group's trading figures.

The Group has no relevant commitments as lessee in respect of uncommenced leases or residual value guarantees. The Group has no material lease commitments for which it does not yet have the underlying asset at its disposal for use. In general, the lease contracts do not contain any restrictions or covenants with lessors other than those generally governing this type of contract.

p) Finance income and costs

Interest income and interest expenses are recognised on an accrual basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

q) Income tax

The income tax expense for the year comprises current tax and deferred tax. Current and deferred tax is recognised as income or as an expense and included in net profit or loss for the period, except to the extent that the tax arises from a transaction which is charged or credited, in the same or a different period, directly to equity, or from a business combination.

Current tax is the tax expected to be paid or recovered in the year, using tax rates in force at the consolidated balance sheet date, in respect of the current period, and any adjustment to tax payable or recoverable in respect of prior periods.

Deferred tax is calculated using the balance sheet liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are the amounts of income taxes payable in the future in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in the future due to the existence of deductible temporary differences, tax loss carryforwards or tax credit carryforwards.

The Group recognises deferred tax assets and liabilities for temporary differences, except where they relate to the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affected neither gross accounting profit nor taxable profit (tax loss), and did not give rise to taxable and deductible temporary differences of equal amounts or, in the case of deferred tax liabilities, where the temporary differences relate to the initial recognition of goodwill. Deferred tax liabilities are also recognised for temporary differences associated with investments in subsidiaries, except to the extent that the Parent is able to control the timing of their reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax laws that are in force at the consolidated balance sheet date, and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the corresponding unused tax losses or tax credits can be utilised. Deferred tax assets, whether recognised or not, are reviewed at each consolidated balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets and liabilities, irrespective of the expected date of realisation or settlement.

r) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current items in the consolidated balance sheet. Assets and liabilities are classified as current when they are expected to be realised or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not offset, unless required or permitted by a standard or interpretation.

s) Treasury shares

Treasury shares acquired by the Group are presented separately at cost as a reduction of equity in the consolidated balance sheet, and no gains or losses are recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction of equity, after consideration of any tax effect.

t) Grants

Grants when they are related to the expenses of the year are recognised as a lower expense for the year in the item that resulted in their recognition.

u) Non-current assets held for sale

The Group classifies non-current assets as held for sale if it determines that their carrying amount will be recovered mainly through a sale rather than through continuing use, provided that the sale is considered highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets are measured at the lower of their carrying amount and fair value less costs to sell, and are presented in the consolidated balance sheet under 'Non-current assets held for sale' in current assets. Assets are no longer depreciated or amortised once they are classified as held for sale.

4. Net sales

Sales in the consolidated income statement include amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales taxes.

The detail of this line item in 2023 and 2022 is as follows:

	2023	**2022**
Net sales in company-managed stores and online	32,851	29,498
Net sales to franchises	2,619	2,674
Other sales and services rendered	477	397
Total	**35,947**	**32,569**

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors. This consideration is consistent with the breakdown of revenues by operating segments (Note 11).

5. Cost of sales

The detail of this line item in 2023 and 2022 is as follows:

	2023	2022
Raw materials and consumables	14,962	14,159
Change in inventories	208	(171)
Changes in provisions	16	23
Total	**15,186**	**14,011**

Raw materials and consumables include mainly amounts relating to the acquisition from or production by third parties of products held for sale or transformation, and other direct expenses related to the acquisition of goods (Note 3.2.h).

6. Operating expenses

The detail of 'Operating expenses' and of the changes therein is as follows:

	2023	2022
Personnel costs	5,357	4,753
Operating leases (Note 16.3)	989	859
Other operating expenses	4,507	4,255
Total	**10,853**	**9,867**

The detail of 'Personnel costs' is as follows:

	2023	2022
Wages, salaries and similar	4,479	3,980
Social contributions	878	773
Total	**5,357**	**4,753**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2024 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,820	5,872	10,692
Central services	6,943	4,669	11,612
Stores	107,196	31,781	138,977
Total	**118,959**	**42,322**	**161,281**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2023 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,515	5,743	10,258
Central services	6,917	4,457	11,374
Stores	111,769	31,596	143,365
Total	**123,201**	**41,796**	**164,997**

The detail of 'Other operating expenses' is as follows:

	2023	2022
Indirect selling expenses	2,733	2,546
Administrative expenses	635	559
Maintenance, repairs and utilities	740	730
Others	399	420
Total	**4,507**	**4,255**

'Indirect selling expenses' includes mainly expenses relating to store and online operations, commissions on credit, debit card payments, logistics and shipping to customers. 'Administrative expenses' includes all kinds of professional services, 'Maintenance, repairs and utilities' includes maintenance and utilities expenses and 'Others' includes mainly travel, communications and other operating expenses.

7. Other losses and income, net

This heading includes extraordinary staff costs incurred in the year as well as the changes in the prices of the debts recognised as a result of the existence of cross call and put options between the Group and the owners of some of the shares of certain subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying. The estimated option strike price is recognised as a liability and changes are recognised in the consolidated income statement (Note 26).

Following there is a description of the main cross put and call options on those investments:

a) Subsidiary domiciled in South Korea: the Group holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This shareholding belongs to Lotte Shopping Co., Ltd., which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder's share of the equity of the investee when the call option is exercised.

b) Subsidiary domiciled in South Africa: the Group holds a call option on 10% of the share capital of ITX Fashion Retail South Africa (Proprietary), LTD. This shareholding belongs to Peter Vundla Retail (Propietary), LTD, which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder's share of the equity of the investee when the call option is exercised.

8. Amortisation and depreciation

The detail of 'Amortisation and depreciation' is as follows:

	2023	**2022**
Amortisation and depreciation charge (Note 14, 15 and 16)	2,897	2,776
Changes in provisions (Note 14, 15 and 16)	48	53
Profit/(loss) on assets	105	145
Others	(9)	(75)
Total	**3,041**	**2,899**

9. Financial results

The detail of 'Financial results' in the consolidated income statement for 2023 and 2022 is as follows:

	2023	**2022**
Finance income	380	85
Foreign exchange gains	17	47
Lease foreign exchange gains	9	-
Total income	**406**	**132**
Finance costs	(75)	(28)
Lease finance costs (Note 16)	(196)	(116)
Foreign exchange losses	(142)	(195)
Lease foreign exchange losses	(4)	(7)
Total expenses	**(417)**	**(346)**
Total	**(11)**	**(214)**

Finance income and costs comprise mainly (excluding Lease finance costs), the interest accrued on the Group's financial assets and liabilities during the year (Note 21).

Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates (Note 26) between the time when income, expenses and asset acquisitions or disposals are recognised and when the corresponding assets or liabilities are settled or measured in accordance with the applicable accounting principles, as well as the impacts of adjustment for hyperinflation in the amount of 77 million euros (90 million euros in 2022).

10. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of outstanding shares during the year, excluding the average number of treasury shares held by the Parent (Note 24), which totalled 3,112,836,551 in 2023 and 3,112,455,405 in 2022.

Diluted earnings per share are calculated based on the profit for the year attributable to the holders of equity instruments of the Parent and the weighted average of the ordinary shares outstanding for the dilutive effects of the potential ordinary shares.

As of 31 January 2024, taking into consideration treasury shares that are subject to the long-term incentive plans (Note 24), the calculation of diluted earnings per share would result in an amount of 1.726 euros per share (1.326 as of 31 January 2023).

11. Segment reporting

The principal activity of the Inditex Group comprises the retail and online distribution of clothing, footwear, accessories and household products through various concepts targeted at different sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units are influenced mainly by the particular concept to which the units belong. The internal structure of the Inditex Group, the business decision-making process and the system for communicating information to the Board of Directors and Group Management are organised by concept and geographic area.

The key business indicators, understood as those that are part of the periodic segment reporting to the Board of Directors and the Group Management, and used in the decision-making process, are the sales figure and the profit before taxes by segment.

The segment liabilities, financial results and taxes are not disclosed as they do not form part of the key business indicators defined above or of the segment information reported periodically to the Board of Directors and to the Group Management.

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors.

The Inditex Group segment information is as follows:

2023

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	26,208	2,634	7,303	(198)	35,947
Profit before taxes	4,968	460	1,407	35	6,870
Amortisation and depreciation	2,162	246	633	-	3,041
Segment total assets	27,041	1,579	4,115		32,735
ROCE	36 %	42 %	52 %		39 %
Number of stores	2,221	856	2,615		5,692

2022

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	23,902	2,396	6,451	(180)	32,569
Profit before taxes	4,002	326	1,030	-	5,358
Amortisation and depreciation	2,097	221	580	1	2,899
Segment total assets	24,826	1,432	3,725		29,983
ROCE	31 %	32 %	40 %		33 %
Number of stores	2,312	860	2,643		5,815

For presentation purposes Inditex has integrated the reporting of Zara and Zara Home into a single segment due to the existing synergies between both concepts. The goal is to leverage the operational and brand management impact of the combined store and online platform.

In addition, the concepts other than Zara, Zara Home and Bershka have been grouped into a single reporting segment due to the similarities in the nature of the products sold and their management and monitoring model.

For the purpose of reconciliation with the consolidated financial statements, the sales to third parties relate to 'Net sales' in the consolidated income statement and the depreciation and amortisation charge corresponds to 'Amortisation and depreciation' in the consolidated income statement.

The segment's profit before taxes refers to 'Profit before taxes' in the consolidated income statement. Income and expenses which might be considered to be corporate in nature or as belonging to all segments were allocated to each of the segments based on distribution criteria considered reasonable by Group Management. Inter-segment transactions are carried out on an arm's length basis.

Total segment assets relate to 'Total Assets' in the consolidated balance sheet.

The ROCE and ROE are calculated as defined in Note 2 to these consolidated annual accounts.

Zara was the first concept created by the Inditex Group and its positioning is based on a fashion offering featuring a wide range of products. Zara Home sells household products.

Bershka targets the younger consumers and its aim is to offer the latest fashion at affordable prices.

Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of assets. Segment non-current assets do not include 'Deferred tax assets' neither 'Other non-current assets'.

	Net sales		Non-current assets	
	2023	**2022**	**31/01/2024**	**31/01/2023**
Spain	5,666	5,021	5,606	5,058
Rest of Europe	18,381	16,306	6,500	5,690
Americas	7,104	6,556	2,258	2,073
Asia and rest of the world	4,796	4,686	912	1,042
Total	**35,947**	**32,569**	**15,276**	**13,863**

12. Trade and other receivables

The detail of this line item at 31 January 2024 and 2023 is as follows:

	31/01/2024	31/01/2023
Trade receivables (Note 26)	298	267
Receivables due to sales to franchises (Note 26)	324	323
Public authorities	284	147
Other current receivables (Note 26)	132	114
Total	**1,038**	**851**

Trade receivables are mainly customer debit/credit card payments pending collection.

Part of the Group's activity is carried on through franchised stores (Note 1). Sales to franchisees are made under agreed collection terms, which are partially guaranteed as described in Note 26.

Balances receivable from public authorities comprise VAT and other taxes and duties incurred by Group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping centre developers and outstanding balances from sundry operations.

13. Inventories

The detail of this line item at 31 January 2024 and 2023 is as follows:

	31/01/2024	31/01/2023
Raw materials and consumables	187	228
Goods in process	64	65
Finished goods for sale	2,715	2,898
Total	**2,966**	**3,191**

The Group takes out insurance policies to cover the possible risks of material damage to its inventories.

14. Property, plant and equipment

The detail of the items composing 'Property, plant and equipment' in the accompanying consolidated balance sheet and of the changes therein is as follows:

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2022	2,303	11,456	909	185	14,854
Acquisitions	3	932	207	199	1,341
Hyperinflation adjustments	3	152	15	-	170
Disposals (Note 8)	(14)	(716)	(182)	(10)	(922)
Transfers	(3)	(123)	(12)	(106)	(244)
Foreign exchange translation differences	16	(25)	(4)	1	(12)
Balance at 31/01/2023	**2,308**	**11,676**	**933**	**270**	**15,187**
Balance at 01/02/2023	2,308	11,676	933	270	15,187
Acquisitions	5	1,278	285	408	1,976
Hyperinflation adjustments	-	14	4	-	18
Disposals (Note 8)	(17)	(811)	(230)	(5)	(1,063)
Transfers	44	120	10	(181)	(7)
Foreign exchange translation differences	-	(5)	(2)	1	(6)
Balance at 31/01/2024	**2,340**	**12,272**	**1,000**	**493**	**16,105**
Depreciation					
Balance at 01/02/2022	512	6,234	548	-	7,294
Depreciation charge for the year (Note 8)	39	727	204	-	970
Hyperinflation adjustments	1	106	12	-	119
Disposals (Note 8)	(7)	(585)	(169)	-	(761)
Transfers	(8)	(71)	(9)	-	(88)
Foreign exchange translation differences	1	(23)	(3)	-	(25)
Balance at 31/01/2023	**538**	**6,388**	**583**	**-**	**7,509**
Balance at 01/02/2023	538	6,388	583	-	7,509
Depreciation charge for the year (Note 8)	37	778	213	-	1,028
Hyperinflation adjustments	-	8	3	-	11
Disposals (Note 8)	(8)	(661)	(194)	-	(863)
Transfers	-	(1)	(1)	-	(2)
Foreign exchange translation differences	-	(8)	(2)	-	(10)
Balance at 31/01/2024	**567**	**6,504**	**602**	**-**	**7,673**

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Impairment losses (Note 3.2.f)					
Balance at 01/02/2022	-	76	2	-	79
Charge for the year (Note 8)	-	41	5	-	46
Hyperinflation adjustments	-	1	-	-	1
Amounts charged to profit or loss (Note 8)	-	(8)	1	-	(7)
Disposals (Note 8)	-	(23)	(4)	-	(27)
Transfers	-	(4)	-	-	(4)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2023	**-**	**83**	**4**	**-**	**87**
Balance at 01/02/2023	-	83	4	-	87
Charge for the year (Note 8)	2	58	3	-	63
Amounts charged to profit or loss (Note 8)	-	(18)	-	-	(18)
Disposals (Note 8)	-	(34)	(1)	-	(35)
Transfers	-	(1)	-	-	(1)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2024	**2**	**87**	**6**	**-**	**95**
Carrying amount					
Balance at 31/01/2023	**1,770**	**5,205**	**346**	**270**	**7,591**
Balance at 31/01/2024	**1,771**	**5,681**	**392**	**493**	**8,337**

'Fixtures, furniture and machinery' includes mainly assets related to stores. 'Other property, plant and equipment' includes, inter alia, information technology equipment and motor vehicles.

'Additions' mainly correspond to assets related to new stores or refurbishments of existing ones.'Disposals' comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities. In 2022, 'Transfers' corresponded mainly to assets transferred to 'Non-current assets held for sale' of the consolidated balance sheet (Note 33).

The cost of fully depreciated items of property, plant and equipment amounts to 1,926 million euros at 31 January 2024 (1,885 million euros at 31 January 2023), and includes mainly machinery, fixtures and furniture.

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

Through its corporate risk management policy, the Group identifies, assesses and controls damage and liability-related risks to which the Group companies are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and liability affecting the Group and implements prevention and protection policies aimed at reducing, to the extent possible, the frequency and intensity of these risks. Likewise, standard measurement criteria are established at corporate level which enable the different risks to which the Group is exposed to be quantified and the assessment policies implemented for insurance purposes to be defined.

Lastly, the Group takes out insurance policies through corporate insurance programs to protect its assets from the various risks, and establishes suitable limits, excesses and conditions in view of the nature of the assets and the financial dimension of the Group.

15. Other intangible assets

'Other intangible assets' includes basically amounts paid for the registration and use of Group brand names, industrial designs of items of clothing, footwear, accessories and household goods created during the year, the cost of software applications and the cost of intellectual property development.

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Industrial property	Computer software	Other intangible assets	Total
Cost				
Balance at 01/02/2022	38	783	234	1,055
Acquisitions	2	295	248	545
Disposals (Note 8)	-	(1)	(218)	(219)
Balance at 31/01/2023	**40**	**1,077**	**264**	**1,381**
Balance at 01/02/2023	40	1,077	264	1,381
Acquisitions	3	358	467	828
Disposals (Note 8)	(15)	(75)	(237)	(327)
Transfers	1	-	-	1
Balance at 31/01/2024	**29**	**1,360**	**494**	**1,883**
Amortisation				
Balance at 01/02/2022	26	337	103	466
Amortisation charge for the year (Note 8)	2	86	236	324
Disposals (Note 8)	-	-	(220)	(220)
Transfers	-	-	1	1
Balance at 31/01/2023	**28**	**423**	**120**	**571**
Balance at 01/02/2023	28	423	120	571
Amortisation charge for the year (Note 8)	2	122	262	386
Disposals (Note 8)	(15)	(46)	(237)	(298)
Transfers	1	-	-	1
Balance at 31/01/2024	**16**	**499**	**145**	**660**
Carrying amount				
Balance at 31/01/2023	**12**	**654**	**144**	**810**
Balance at 31/01/2024	**13**	**861**	**349**	**1,223**

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

The Group capitalised 358 million euros in 2023 (295 million euros in 2022) corresponding to software development activities that meet the requirements for capitalisation under IAS 38. Likewise, 467 million euros were activated (248 million euros in 2022) corresponding to the development of industrial designs and intellectual property, as well as other intangibles related to the Group's activity,which meet the requirements established in IAS 38, which includes, in 2023, 213 million euros corresponding to the amount of contractual rights generated resulting from the sale of the shares of JSC New Fashion (Note 3.2.c and Note 33).

16. Leases

16.1. Right of use assets

This heading records the measurement of the right to use the asset underlying the lease contracts during the term of the contract, for those contracts in which the Group is the lessee.

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

Cost	
Balance at 01/02/2022	9,414
Acquisitions	1,392
Disposals (Note 8)	(551)
Foreign exchange translation differences	(16)
Balance at 31/01/2023	**10,239**
Balance at 01/02/2023	10,239
Acquisitions	1,858
Hyperinflation adjustments	15
Disposals (Note 8)	(724)
Foreign exchange translation differences	(21)
Balance at 31/01/2024	**11,367**

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 403 million euros (342 million euros in 2022) and sums associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,455 million euros (1,050 million euros in 2022).'Disposals' comprises mainly store closures and terminations of or amendments to contracts.

Amortisation	
Balance at 01/02/2022	4,171
Amortisation charge for the year (Note 8)	1,482
Disposals (Note 8)	(333)
Foreign exchange translation differences	(23)
Balance at 31/01/2023	**5,297**
Balance at 01/02/2023	5,297
Amortisation charge for the year (Note 8)	1,483
Hyperinflation adjustments	7
Disposals (Note 8)	(530)
Foreign exchange translation differences	(12)
Balance at 31/01/2024	**6,245**

Impairment losses	
Balance at 01/02/2022	19
Charge for the year (Note 8)	18
Amounts charged to profit or loss (Note 8)	(4)
Foreign exchange translation differences	(1)
Balance at 31/01/2023	**32**
Balance at 01/02/2023	32
Charge for the year (Note 8)	17
Amounts charged to profit or loss (Note 8)	(14)
Disposals (Note 8)	(10)
Balance at 31/01/2024	**25**
Carrying amount	
Balance at 31/01/2023	**4,910**
Balance at 31/01/2024	**5,097**

16.2. Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2024	31/01/2023
Non-current	4,123	3,924
Current	1,428	1,517
Total	**5,551**	**5,441**

The maturity breakdown of undiscounted lease liabilities is as follows:

	2023	2022
Less than 1 year	1,619	1,635
1 - 5 years old	3,782	3,887
> 5 years old	689	286

16.3. Other information

Amounts recognised in the consolidated income statement:

	2023	2022
Amortisation charge on right of use (Note 8)	1,483	1,482
Lease liabilities interest expenses (Note 9)	196	116
Variable rent payments (Note 6)	622	546
Others * (Note 6)	367	313

* Mainly includes Common expenses and other lease services.

Some of the Group's commercial premises leases contain conditions for the payment of variable rent that are linked to the sales generated in such stores, such that the payment for the lease is linked to the development of the store. Variable rent in these stores amounted to 562 million euros (388 million euros in 2022). The expense for leases to which the low value exemption has been applied is not significant.

The amount of income from leasing and subleasing is not significant. The Group has no relevant commitments for signed lease contracts that have not yet entered into force.

17. Goodwill

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	2023	2022
Opening balance	193	202
Transfers (Note 33)	-	(10)
Foreign exchange translation differences	4	1
Closing balance	**197**	**193**
Investee	**2023**	**2022**
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	33	33
Massimo Dutti Benelux, N.V.	20	20
Itx Retail Mexico, S.A. de C.V.	12	12
Other	28	24
Closing balance	**197**	**193**

The goodwill arising from the acquisition or termination of franchise contracts corresponds to the amount of the intangible assets that did not meet the requirements established in IFRS 3 for separate recognition. These requirements related essentially to the capacity of the assets to generate future cash flows.

The recovery of the goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows support the carrying amount of goodwill at year-end (Note 3.2.f).

Also, sensitivity analyses were performed based on reasonably possible changes in the main variables used in asset measurement, and the recoverable amount is higher than the related carrying amount (Note 3.2.f).

18. Financial investments

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Loans and other credit facilities	Investments accounted for using the equity method	Others	Total
Balance at 01/02/2022	9	295	2	307
Acquisitions	-	53	3	56
Disposals (Note 28)	-	(27)	-	(27)
Transfers	3	-	(1)	2
Foreign exchange translation differences	(1)	(3)	-	(4)
Balance at 31/01/2023	**12**	**317**	**5**	**334**
Balance at 01/02/2023	12	317	5	334
Acquisitions	16	72	17	105
Disposals (Note 28)	-	(49)	-	(49)
Transfers	9	-	-	9
Foreign exchange translation differences	-	(1)	-	(1)
Balance at 31/01/2024	**37**	**339**	**22**	**398**

The carrying amount of the ownership interest in the Tempe Group in the accompanying consolidated balance sheet does not differ significantly from the value of the Group's share of the net assets of the Tempe Group (Note 28).

There are no significant restrictions of any kind on the Tempe Group's ability to transfer funds to the Group in the form of cash dividends or the repayment of loans or advances granted by the Group.

19. Other non-current assets

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Guarantees	Others	Total
Balance at 01/02/2022	290	50	340
Acquisitions	12	6	18
Disposals	(54)	-	(54)
Transfers	(6)	(17)	(23)
Foreign exchange translation differences	(3)	-	(3)
Balance at 31/01/2023	**239**	**39**	**278**
Balance at 01/02/2023	239	39	278
Acquisitions	9	8	17
Disposals	(11)	-	(11)
Transfers	(8)	(1)	(9)
Foreign exchange translation differences	(4)	(2)	(6)
Balance at 31/01/2024	**225**	**44**	**269**

The guarantees and deposits relate mainly to security deposits paid to owners of leased commercial premises to ensure compliance with the conditions stipulated in the leases, and to amounts paid to secure compliance with contracts in force.

20. Trade and other payables

The detail of this line item in the consolidated balance sheets at 31 January 2024 and 2023 is as follows:

	31/01/2024	31/01/2023
Trade payables	5,090	4,544
Personnel	723	683
Public authorities	605	553
Other current payables	654	517
Total	**7,072**	**6,297**

The following table shows the information on the average period of payment to suppliers required by Law 15/2010, of 5 July, in 2023 and 2022:

	2023	2022
	Days	
Average period of payment to suppliers	39.24	39.91
Ratio of transactions settled	39.69	40.22
Ratio of transactions not yet settled	34.95	36.42
	Amount	
Total payments made	5,136	4,672
Total payments outstanding	544	413

	2023	2022
No. of invoices paid within the legal term (in thousands)	326	318
% of total subject invoices (number)	98 %	98 %
Amount of invoices paid within the legal term	5,002	4,589
% of total subject invoices (amount)	97 %	98 %

This information relates to suppliers and creditors of Group companies domiciled in Spain.

21. Net financial position

The detail of the Group's net financial position is as follows:

	31/01/2024	31/01/2023
Cash in hand and at banks	2,386	2,530
Short-term deposits	4,208	2,830
Fixed-income securities	413	201
Total cash and cash equivalents	**7,007**	**5,561**
Current financial investments	4,415	4,522
Current financial debt	(16)	(13)
Non-current financial debt	-	-
Net financial position	**11,406**	**10,070**

Cash on hand and at banks includes cash on hand and in demand deposits at banks. Short-term deposit and Fixed-income securities include term deposits and units in money market investment funds that use unitholders' contributions to acquire fixed-income securities with maturities of less than 3 months that have a high credit rating, are highly liquid and convertible to known amounts of cash, and are subject to an insignificant risk of changes in value. All the balances under this line item are unrestricted as to their use and there are no guarantees or pledges attached to them.

'Current financial investments' on the asset side of the consolidated balance sheet relates mainly to investments in fixed-income securities, with maturities ranging from 3 to 12 months, all of which have high credit ratings and are highly liquid.

The detail of the Group's bank borrowings and obligations under other financial operations is as follows:

	Loans	Other financial operations	Total
Current	15	1	16
Non-current	-	-	-
Total 31/01/2024	**15**	**1**	**16**

	Loans	Other financial operations	Total
Current	12	1	13
Non-current	-	-	-
Total 31/01/2023	**12**	**1**	**13**

The total limit of financing facilities available at 31 January 2024 for the Group amounts to 8,155 million euros (8,083 million euros at 31 January 2023). Committed financing facilities amount to 3,569 million euros at 31 January 2024 and 2023 , undrawn at year-end. As at 31 January 2024 the subsidiaries had very short-term financing of 15 million euros (12 million euros in 2022). The financing is remunerated at interest rates negotiated by the Group, which usually comprise a money market rate plus a spread according to the creditworthiness of the company holding the debt.

Financial debt is denominated in the following currencies:

	31/01/2024	31/01/2023
Euro	1	2
Hryvnia	15	11
Total	**16**	**13**

The maturity schedule of the Group's bank borrowings at 31 January 2024 and 2023 was as follows:

	31/01/2024	31/01/2023
Less than one year	16	13
One to five years	-	-
Total	**16**	**13**

In addition, through its main banks, the Group made 2,320 million euros (2,420 million euros at 31 January 2023) in supply chain financing programmes available to its suppliers in order to give them access to liquidity. This allows suppliers to choose, on a voluntary basis, to bring forward the collection of their invoices. The initially agreed payment terms remain unchanged, and the debt is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2024 usage of these programmes amounted to 1,063 million euros (1,025 million euros at 31 January 2023).

22. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Pensions and similar obligation s with personnel	Liability	Other provisions	Total
Balance at 01/02/2022	74	137	76	287
Provisions recorded during the year	45	13	-	58
Disposals	(1)	(23)	-	(24)
Transfers	(28)	(3)	(1)	(32)
Foreign exchange translation differences	(1)	(2)	(3)	(6)
Balance at 31/01/2023	**89**	**122**	**72**	**283**
Balance at 01/02/2023	89	122	72	283
Provisions recorded during the year	68	70	-	138
Disposals	-	(10)	-	(10)
Transfers	(41)	(5)	5	(41)
Foreign exchange translation differences	(3)	-	(5)	(8)
Balance at 31/01/2024	**113**	**177**	**72**	**362**

Provision for pensions and similar obligations to personnel

Certain Group companies have undertaken to settle specific obligations to personnel. The Group has recorded a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2024.

Provision for liabilities

The amounts shown here correspond to present obligations due to legal claims or constructive obligations arising from past events which will probably result in an outflow of resources and can be reliably estimated. At the date of preparation of these consolidated annual accounts there were no legal proceedings the final outcome of which could significantly affect the Group's equity position.

In estimating the amounts provisioned at year-end, the Group used the following hypotheses and assumptions:

- Maximum amount of the contingency
- Foreseeable evolution and factors on which the contingency depends

The estimated average payment period for the amounts provisioned depends largely on the local legislation of each of the markets in which the Group operates. An analysis is performed each year of the portion that will foreseeably have to be paid the following year and the related amount is transferred to 'Trade and other payables' in the consolidated balance sheet.

The Directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover the risks relating to litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognised to arise therefrom.

23. Other non-current liabilities

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Lease incentives	Others	Total
Balance at 01/02/2022	154	94	248
Acquisitions	59	-	59
Changes through profit or loss	(1)	7	6
Hyperinflation adjustments	15	-	15
Transfers	(83)	(21)	(104)
Foreign exchange translation differences	(2)	-	(2)
Balance at 31/01/2023	**142**	**80**	**222**
Balance at 01/02/2023	142	80	222
Acquisitions	119	-	119
Changes through profit or loss	-	18	18
Hyperinflation adjustments	3	-	3
Transfers	(85)	(22)	(107)
Foreign exchange translation differences	(7)	-	(7)
Balance at 31/01/2024	**172**	**76**	**248**

Lease incentives correspond to incentives received from developers of shopping centres or owners of commercial premises under lease contracts with variable rental payments.

24. Equity

Share capital

At 31 January 2024 and 31 January 2023, the Company's share capital amounted to 94 million euros, and was divided into 3,116,652,000 fully subscribed and paid shares of 0.03 euros par value each. All the shares are of a single class and series, carry the same voting and dividend rights.

The Parent's share premium at 31 January 2024 and 31 January 2023 amounted to 20 million euros, while retained earnings amounted to 18,750 million euros and 20,028 million euros, respectively. The Parent's legal reserve, amounting to 19 million euros, was recognised in compliance with Article 274 of the Spanish Companies Act, which establishes that 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that sufficient other reserves are not available for this purpose, the reserve must be replenished with future profits. At 31 January 2024 and 31 January 2023, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2024 include restricted reserves amounting to 1,079 million euros (1,144 million euros at 31 January 2023) whose distribution is limited due to domestic legal requirements (basically bylaw reserves).

Inditex shares are listed on the four Spanish stock exchanges. The shares are represented by book entries. Moreover, pursuant to Article 497 of the Spanish Companies Act, Inditex has contracted Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) to provide the daily share ownership notification service. As per the Parent's Shareholder Registry Book, the members of the Board of Directors directly or indirectly owned, at 31 January 2024 and 31 January 2023, 59.299% and 59.298%, respectively, of the Parent's share capital (Note 30). At 31 January 2024 and 31 January 2023, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2023 and 2022 amounted to 3,736 million euros and 2,895 million euros, respectively. These amounts correspond to payments of 1.20 euros per share and 0.93 euros per share, respectively.

The distribution proposed by the Board of Directors is shown in Note 29.

Treasury shares

The Annual General Meeting held on 13 July 2021 approved the 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021), and the Annual General Meeting held on 11 July 2023 approved a new Long-Term Incentive Plan for the 2023-2027 period.

Said Annual General Meeting of 11 July 2023, authorised the Board of Directors to derivatively acquire treasury shares, aimed at covering these plans. This authorisation annulled the previous authorisation approved by the General Shareholders' Meeting held on 16 July 2019.

As at 31 January 2023, the Parent owned a total of 4,932,514 treasury shares, representing 0.158% of the share capital.

During the first half of 2023,the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (which expired on 31 January 2023) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,350,095 shares, representing 0.043% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2023.

Consequently, at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 31/01/2024	Reclassification	Variation	Balance at 01/02/2023
Brazilian real	101	9	(3)	95
Turkish lira	71	(10)	22	59
Mexican peso	55	26	(21)	50
Japanese yen	22	-	15	7
Australian dollar	9	(3)	5	7
Ukrainian hryvnia	8	-	2	6
US Dollar	(46)	(24)	12	(34)
Other	11	(46)	3	54
Total	**231**	**(48)**	**35**	**244**

25. Income tax

Companies included in these consolidated annual accounts pay the corporate income tax individually, except for certain countries (like Spain or the Netherlands) where they pay taxes under the consolidated tax group regime.

In the case of Spain, the consolidated tax group includes Industria de Diseño Textil, S.A., as the Parent, and those Spanish companies that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated tax groups as subsidiaries. The subsidiaries composing the aforementioned Spanish tax group are as follows:

Bershka BSK España S.A.	Oysho Diseño S.L.
Bershka Diseño S.L.	Oysho España S.A.
Bershka Logística S.A.	Oysho Logística S.A.
Choolet S.A.	Plataforma Cabanillas S.A.
Comditel S.A.	Plataforma Europa S.A.
Confecciones Fíos S.A.	Plataforma Logística León S.A.
Confecciones Goa S.A.	Plataforma Logística Meco S.A.
Denllo S.A.	Pull&Bear Diseño S.L.
Fashion Logistic Forwarders S.A.	Pull&Bear España S.A.
Fashion Retail S.A.	Pull&Bear Logística S.A.
Glencare S.A.	Stear S.A.
Goa-Invest S.A.	Stradivarius Diseño S.L.
Grupo Massimo Dutti S.A.	Stradivarius España S.A.
Indipunt S.L.	Stradivarius Logística S.A.
Inditex Logística S.A.	Trisko S.A.
Inditex Renovables S.L.	Zara Diseño S.L.
Inditex S.A.	Zara España S.A.
Lefties España S.A.	Zara Home Diseño S.L.
Massimo Dutti Diseño S.L.	Zara Home España S.A.
Massimo Dutti Logística S.A.	Zara Home Logística S.A.
Massimo Dutti S.A.	Zara Logística S.A.
Nikole Diseño S.L.	Zara S.A.
Nikole S.A.	Zintura S.A.

The balance of the 'Current Liability for Income Tax' heading in the consolidated balance sheet corresponds to the provision for Income Tax relating to the profits for the year 2023, net of withholdings and prepayments made in the period. The heading 'Trade and other payables' includes the liability corresponding to other applicable taxes.

The balance of 'Current asset for income tax' in the consolidated balance sheet corresponds, mainly, to amounts to be recovered from tax authorities for such concept. The balance of the 'Accounts receivable' heading in the accompanying consolidated balance sheet includes, among others, the amount by which the input VAT exceeded output VAT for the period.

The income tax expense includes both the part concerning expense for current tax and the corresponding expense for deferred tax. The current tax is the amount to be paid for the income tax related to the fiscal gain of the period and for other fiscal charges derived from compliance with the regulations that regulate the income tax. The deferred tax reflects the amounts of tax on the profits to be paid or recovered in future periods and arises from the recognition of deferred tax assets and liabilities.

The income tax expense comprises the following:

	2023	2022
Current taxes	1,443	1,225
Deferred taxes	32	(14)

The reconciliation of the income tax expense that would result from applying the standard tax rate in force in Spain to the profit before tax and the income tax expense recognised in the consolidated income statement for 2023 and 2022 is as follows:

	2023	2022
Consolidated accounting profit for the year before taxes	6,870	5,358
Tax expense at tax rate in force in the country of the Parent	1,717	1,339
Net permanent differences	(112)	(83)
Effect of application of different tax rates	(111)	(88)
Adjustments to prior years' taxes	(25)	(17)
Tax withholdings and other adjustments	100	88
Adjustments to deferred tax assets and liabilities	(4)	5
Tax withholdings and tax benefits	(90)	(33)
Income tax expense	**1,475**	**1,211**

The permanent differences correspond, mainly, to expenses not tax deductible and to tax revenues for the contribution of rights to use certain assets to a subsidiary.

The companies that make up the consolidated Group have benefited from the tax benefits provided for in the tax regulations in force in each country amounting to 90 million euros at 31 January 2024 (33 million euros at 31 January 2023). These deductions and bonuses derive, fundamentally, from investments and, to a lesser extent bonuses.

Temporary differences correspond mainly to differences between the carrying amount of an asset or liability in the balance sheet and its tax base, the main difference relating to right-of-use as a result of application of IFRS 16. The consolidated balance sheet closed as of 31 January 2024 includes the assets and liabilities for deferred taxes existing at that date.

The detail of 'Deferred tax assets' and 'Deferred tax liabilities' in the accompanying consolidated balance sheet is as follows:

Deferred tax assets arising from:	**2023**	**2022**
Provisions	167	155
Non-current assets	183	174
IFRS 16	201	207
Valuation adjustments	54	64
Tax losses	33	36
Intra-Group transactions	224	210
Other	312	357
Total	**1,174**	**1,203**

Deferred tax liabilities arising from:	**2023**	**2022**
Intra-Group transactions	140	163
IFRS16	65	73
Non-current assets	96	72
Valuation adjustments	11	6
Other	82	71
Total	**394**	**385**

These balances were determined using the tax rates that, based on enacted tax laws, will be in force in the period when they are expected to reverse, and in some cases these tax rates may differ from the tax rates in force in the present year.

The expense for deferred income tax was adjusted for the difference between the balances calculated at the tax rate in force at the end of the present year and those calculated at the new tax rates at which they will reverse.

The changes in deferred tax assets and liabilities in 2023 and 2022 were as follows:

Deferred tax assets arising from:	**2023**	**2022**
Opening balance	1,203	1,179
Charge/Credit to income statement	21	45
Charge/Credit to equity	(8)	1
Transfers	(42)	(22)
Closing balance	**1,174**	**1,203**

Deferred tax liabilities arising from:	**2023**	**2022**
Opening balance	385	359
Charge/Credit to income statement	53	31
Charge/Credit to equity	(7)	5
Transfers	(37)	(10)
Closing balance	**394**	**385**

As at 31 January 2024, the Group had tax losses that can be offset with future profits amounting to 232 million euros (296 million euros as at 31 January 2023) of which 173 million euros are capitalised and shown in the breakdown of deferred tax assets indicated above, with a balance of 33 million euros as at 31 January 2024 (36 million euros as at 31 January 2023). Tax losses that can be offset are mostly not subject to an effective compensation period.

The Group, based on the methodology established to verify the existence of signs of impairment in its non-current assets (Note 3.2.f), constructs the hypotheses to analyse the existence of sufficient fiscal gains in the future that allow to offset such tax losses before they prescribe. Additionally, the reversal in the same entity of deferred tax liabilities related to the same tax authority that may give rise to taxable amounts in sufficient quantity to apply the unused tax losses against them is taken into account.

In addition, some companies that make up the consolidated group have reserves that could be subject to taxation should they be distributed. These consolidated financial statements include the tax effect associated with such distribution insofar as it is likely to occur in the foreseeable future. Temporary differences, associated with investments in subsidiaries, associates and permanent establishments, which have not been registered for the exception provided for in IAS 12, amount to 357 million euros (358 million euros in 2022).

On the other hand, in accordance with the tax legislation applicable to the Parent of the Group, the dividends proposed or declared to the shareholders of said company, before the financial statements have been formulated and that have not been recognised as liabilities, do not generate consequences in the income tax of the Parent.

The years open to inspection in relation to the main taxes vary according to the tax legislation of each country in which the Group operates. Ordinary audits are currently being performed on Group companies in various markets. In any case, it is not expected that, as a consequence of the ongoing verification actions, as well as those that could be carried out in the future in relation to non-prescribed periods, liabilities will be revealed that significantly affect the equity situation or the Group's results.

In December 2022, the Council of the European Union approved Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. This Directive implements in the European Union the rules of Pillar Two of the OECD Inclusive Framework on base erosion and profit shifting. These rules apply to multinational groups with a turnover of over 750 million euros and require a minimum taxation of 15% in each of the jurisdictions in which these groups operate. Regarding Spain, on 19 December 2023, the Council of Ministers approved the Draft Bill on transposing Directive 2022/2523, with its entry into force scheduled for 1 January 2024.

The Inditex Group has assessed the possible impact of Pillar Two, taking into account the aforementioned Draft Bill, the Community Directive and the administrative application guides published by the OECD. From the analysis carried out, it has been concluded that the effective tax rates in the vast majority of jurisdictions in which the group operates exceed 15%. Therefore, no material impact on the Group's financial statements is expected from the application of the new standard. Finally, it should be pointed out that the Inditex Group has made use of the exception to the recognition of deferred tax assets and liabilities arising from the application of the Pillar Two rule, in accordance with the amendment to IAS 12 made in May 2023.

26. Financial instruments and risk management policy

Financial risk management policy

The Group's activities are exposed to various financial risks: market risk (foreign currency risk, raw materials risk and interest rate risk) and other risks (credit risk, liquidity risk and country risk). The Group's financial risk management focuses on the uncertainty of financial markets and aims to minimise the potential adverse effects on the profitability of its business.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks, any changes from the previous year and the financial instruments used to mitigate the risks.

Foreign currency risk

The Group operates in an international environment and, accordingly, is exposed to foreign currency risk on transactions in currencies, in particular the US dollar (the euro is the Group's reference currency and the functional currency of the Parent). Foreign currency risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with the corporate risk management model guidelines, which establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk, mainly through the optimisation of the Group's operations, including centralisation, in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges.

Merchandise and goods for resale are acquired partly through orders placed with foreign suppliers, mostly in US dollars. In accordance with prevailing foreign currency risk management policies, the Group's Management arranges derivatives, mainly foreign currency forwards, to hedge fluctuations in cash flows relating to the EUR-USD exchange rate. The Group also uses non-derivative financial instruments as hedges (e.g., deposits held in currencies other than the euro), and these instruments are recognised under 'Current financial investments'.

The Group's head companies supply their subsidiaries with finished goods for sale to the end customers. With a view to reducing the fluctuations in value of the expected foreign currency cash flows arising from these intra-Group transactions (denominated in currencies other than the euro), the Group occasionally uses financial derivatives such as purchased options, zero-premium option combinations and, occasionally, foreign currency forwards.

Certain Group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing foreign currency risk management policies, derivatives are arranged, mainly forwards, to hedge the changes in fair value related to exchange rates.

As described in Note 3.2.m, the Group applies hedge accounting to mitigate the volatility that would arise in the consolidated income statement as a result of the existence of significant foreign currency transactions. Hedge accounting has been used because the Group meets the requirements described in Note 3.2.m on accounting policies in order to be able to classify financial instruments as hedges for accounting purposes.

The Group applies the hedge accounting rules established in the applicable reporting standards. As a result, certain financial instruments were formally designated as hedging instruments and the Group verified that the hedges are highly effective. The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In 2023, using hedge accounting, no significant amounts were recognised in the consolidated income statement either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges. Approximately 69% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to year-end, while the remaining 31% are expected to fall due between six months and one year. Also, the impact on the consolidated income statement will foreseeably occur in those periods. The derivatives hedging the cash flows from intra-Group transactions to supply finished goods for sale to end customers have short-term time horizons aligned with the expected cash flows.

The fair value of the hedging instruments was calculated as described in Note 3.2.m.

Raw material risk

As a result of its business model, the Group is also exposed to potential cost volatility and inflation related to the impact resulting from price increases of the many raw materials (both textile and non-textile) consumed directly and indirectly in the Group's operations and in its procurement of goods, primarily our commercial products (clothing, footwear, accessories and household products), and services, especially in terms of supply and distribution transport, as well as energy consumption. This risk is measured using 'at risk' methodologies from a portfolio of exposures standpoint.

Economic risk measurement methodology

The Group uses the Cash-Flow-at-Risk (CFaR) methodology in order to estimate the potential impact of exchange rate and raw material price fluctuations on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. CFaR is a methodology widely used in risk management. It is an evolution of the Value-at-Risk (VaR) method focused on the possible loss related to future cash flows. Given a portfolio, exposed to one or more risks, the CFaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The CFaR measures risk in aggregate terms, considering the potential diversification benefit resulting from the correlations between the components of the portfolio of exposures.

The underlying portfolio used in the CFaR calculation is composed of future flows denominated in the currency and/or raw material in which the underlying risk is expressed for up to one year. It is estimated that this portfolio represents substantially all of the Group's exposure to foreign currency and raw material price risk and that the possible adverse changes in exchange rates would affect the following year's consolidated profit. The main parameters and assumptions used in the CFaR calculation relate to the horizon of the estimated flows, the scenario simulation technique and the selected confidence interval. The cash flows considered have a duration of up to one year, taking as a time horizon the maturity date of each cash flow. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous three years. A 95% confidence interval is selected. In addition, using the same methodology, the portfolio performance is analysed periodically and repeatedly under highly stressed scenarios based on market movements during historical periods of high volatility.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous three years. It may also be the case that the estimated flows, i.e., the portfolio used for the calculation, differ from the actual flows. In addition, the Group uses the Value-at-Risk (VaR) method to manage foreign exchange risk in relation to the most relevant accounting items.

In accordance with the risk management framework, risk appetite and tolerance levels are set and residual risk is quantified. Furthermore, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with the established risk tolerance level.

It is estimated that the resulting negative impact on the 12-month expected cash flows, attributable to an adverse change in the exchange rate and raw material prices resulting from the CFaR calculation, could be 514 million euros at 31 January 2024 (599 million euros at 31 January 2023).

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises and retail sales represent the vast majority of revenue. Collections are made primarily in cash or through credit card payments.

The Financial Risk Management Policy ensures the measurement, assessment, quantification and mitigation of the credit risk of investment products and the counterparty risk of financial institutions by establishing very detailed analysis criteria and Value-at-Risk (VaR) methodologies.

The VaR methodology implemented takes into account the counterparty's probability of default as estimated by the market, the time horizon of the investments, and the percentage of risk exposure that is not expected to be recovered in the event of default (loss given default). VaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The exposures used are up to one year. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous year. A 95% confidence interval is selected.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous year.

In accordance with the risk management framework, risk appetite and target risk are set and residual risk is quantified. In addition, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with target risk.

Credit risk experienced episodes of volatility during the year on the back of geoeconomic instability and the implications of the monetary policy normalisation process. These episodes were actively managed as part of the Group's normal financial risk management framework.

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to 13 million euros at 31 January 2024 (42 million euros at 31 January 2023).

The credit risk resulting from the arrangement of financial derivatives is mitigated by the requirement that such instruments be subject to an ISDA master agreement.

Occasionally, where deemed necessary, the Group requests that additional security be provided in the form of pledged collateral.

In relation to accounts receivable of commercial origin, the Group estimates that at closing date there has not been a significant increase in credit risk since its recognition, which is why the expected loss at 12 months has been estimated, not being significant, and it has not been considered necessary to make valuation corrections in accounts receivable not due.

The main financial assets of the Group are shown in the 'Financial instruments: other information' section below.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Group has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments (Note 21).

Note 21 contains a detail of the financial liabilities, along with their scheduled maturities.

Interest rate risk

The Group's exposure to interest rate risk, which in no case is significant, arises principally in relation to the following items:

- Cash and cash equivalents: the generalised increase in interest rates, especially in the most significant currencies for the Group's investment (Note 21) has boosted the expected returns on the Group's financial position (Note 9).
- Financial debt: given the amount of the Group's external financing (Note 21), any change in interest rates at year-end would not significantly affect consolidated profits.
- Discount rates: used in the calculation of the impairment losses on non-current assets (property, plant and equipment and intangible assets) and goodwill (Note 3.2.f).
- Derivatives: given the type of hedging instruments arranged, the interest rate risk is not material.

The Group does not have any material financial assets or liabilities designated as at fair value through profit or loss. A potential change in fair value would not imply significant impact.

Country risk

The international presence of the Group's business activities exposes it to the country risk of multiple geographical regions, in both its supply and its sales and distribution activities. The Group adapts its administrative and business processes in order to minimise country risk and take advantage of the benefits of geographical diversification.

The Group terminated its operations in the Russian Federation after the sale of the business in the country to the Daher Group, and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024. The Group has franchised its operations in Argentina and Uruguay by means of an agreement with Trade Alliance Holding Corp Group. These two markets are now operated as franchises, following the management model chosen in most of Latin America (Note 33).

One of the most significant manifestations of country risk is foreign currency risk and the possibility of exposure to limits or controls on the free circulation of cash flows due to a lack of currency convertibility, in current or capital account terms, or to unexpected restrictions on the movement of capital. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum. Country risk is also considered when assessing the jurisdictions in which the Group's cash is located.

At 31 January 2024, there was no significant risk in relation to the repatriation of funds or any material cash surpluses not available for use by the Group or its subsidiaries. Similarly, there are no significant restrictions on the Group's ability to access the assets and settle the liabilities of its subsidiaries.

At 31 January 2024, the Group was not operating in markets in which there was more than one exchange rate.

Capital management

The Group's capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. The current capital management policy is based on self-financing through funds generated by operations. The shareholder remuneration policy is detailed in Consolidated Directors' Report.

There were no significant changes to capital management in the year.

Financial instruments

At 31 January 2024 and 2023, the Group had arranged hedging derivatives consisting basically of forwards on its future purchases in US dollars, forwards to hedge intra-Group financing, and options. The fair value of these derivatives is recognised under 'Other financial assets' and 'Other financial liabilities' depending on the related balance.

On 16 January and 24 August 2023, the Group entered into two VPPA (Virtual Power Purchase Agreement) for the supply of 100%-renewable electricity over a period of 10 and 12 years, respectively, with a total nominal capacity of 398 GWh/year, based on an installed capacity of 136 MW. The related projects are in the development phase, in some cases pending final approval, and will come on stream in 2025. This contract has been booked as a Level 3 financial instrument for which changes in the fair value of the option sold are recognised in the income statement.

The detail of 'Other financial assets' and 'Other financial liabilities' in the consolidated balance sheet is as follows:

Other financial assets	**2023**	**2022**
Fair value of the hedging instruments	7	8
Total	**7**	**8**

Other financial liabilities	**2023**	**2022**
Fair value of the hedging instruments	7	29
Reciprocal call and put options (Note 7)	19	17
Total	**26**	**46**

The detail of the fair value (measured as indicated in Note 3.2.m) of the financial instruments for 2023 and 2022 is as follows:

Other financial assets measured at fair value and classification on a fair value hierarchy

	2023		
	OTC derivatives:		
	Foreign currency forwards	Energy options	Total OTC derivatives
Level	**2**	**3**	
Fair value at 31 January 2024	4	3	7
Transfer to income	(4)	3	(1)
Transfer to income from equity	-	-	-
Income recognised directly in equity	-	-	-
Fair value at 31 January 2023	8	-	8

	2022		
	OTC derivatives:		
	Foreign currency forwards	Energy options	Total OTC derivatives
Level	**2**	**3**	
Fair value at 31 January 2023	8	-	8
Transfer to income	(8)	-	(8)
Transfer to income from equity	(6)	-	(6)
Income recognised directly in equity	-	-	-
Fair value at 31 January 2022	22	-	22

Other financial liabilities measured at fair value and classification on a fair value hierarchy

	2023		
	OTC derivatives:		
	Foreign currency forwards	Energy options	Total OTC derivatives
Level	**2**	**3**	
Fair value at 31 January 2024	7	-	7
Transfer to income	(10)	-	(10)
Transfer to income from equity	(13)	-	(13)
Income recognised directly in equity	1	-	1
Fair value at 31 January 2023	29	-	29

	2022		
	OTC derivatives:		
	Foreign currency forwards	Energy options	Total OTC derivatives
Level	**2**	**3**	
Fair value at 31 January 2023	29	-	29
Transfer to income	8	-	8
Transfer to income from equity	-	-	-
Income recognised directly in equity	14	-	14
Fair value at 31 January 2022	7	-	7

There were no transfers among the various levels of the fair value hierarchy (Note 3.2.m).

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, are the loans and receivables related to the Group's principal activity and the guarantees given in relation to the lease of commercial premises, which are shown under 'Other non-current assets'. The main financial assets of the Group are as follows:

	2023	2022
Cash and cash equivalents (Note 21)	7,007	5,561
Current financial investments (Note 21)	4,415	4,522
Trade receivables (Note 12)	298	267
Receivable due to sales to franchises (Note 12)	324	323
Other current receivables (Note 12)	132	114
Guarantees (Note 19)	225	239
Total	**12,401**	**11,026**

The main financial liabilities of the Group relate to accounts payable on commercial transactions.

In 2023 and 2022 no significant impairment losses were recognised on financial assets.

27. Employee benefits

Obligations for benefit plans or defined contributions

The Group does not maintain obligations with its employees as a general rule for defined benefit plans or contributions. However, in certain countries, due to the legislation or regulation in force or local labour practice, the Group assumes certain commitments related to the payment of certain amounts for accidents, illness or retirement, among others, sometimes partially paid by the worker and risk is partially or totally externalised through hiring the corresponding insurance policies.

Likewise, in certain countries, the worker participates in a percentage of the profits generated by the Group companies in that country. The liabilities related to these items are recorded in the 'Provisions' and 'Other non-current liabilities' heading in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Long-term incentive plans

2021-2025 Long-term incentive plan

The Annual General Meeting held on 13 July 2021 approved a 2021-2025 Long-Term Incentive Plan for members of the management team and other employees of Inditex and its Group of Companies (hereinafter referred to as the '2021-2025 Plan'). Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2021-2025 Plan combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time and verified compliance with the specific objectives, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle (2021-2024) of the Plan ran from 1 February 2021 to 31 January 2024 and is scheduled to be settled in the first quarter of 2024. The second cycle (2022-2025) spans the period from 1 February 2022 to 31 January 2025.

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals has increased to 25% of the overall Plan, with respect to previous plans.

The 2021-2025 Plan does not expose the Group to any material risks.

2023-2027 Long-term incentive plan

The Annual General Meeting held on 11 July 2023 approved a new 2023-2027 Long-Term Incentive Plan for members of the management team and other employees of Inditex and its Group of Companies (hereinafter referred to as the '2023-2027 Plan'). Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2023-2027 Plan is consistent with the previous one and combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time and verified compliance with the specific objectives, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle (2023-2026) of the Plan runs from 1 February 2023 to 31 January 2026. The second cycle (2024-2027) spans the period from 1 February 2024 to 31 January 2027.

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals represents 25% of the overall Plan.

The 2023-2027 Plan does not expose the Group to any material risks.

The liabilities related to the plans in cash is shown registered in the 'Provisions' and 'Trade and other payables' item of the consolidated balance sheet, and its annual allocation is included in the 'Operating expenses' item in the consolidated income statement.

The amount relating to the equity-settled component of the plans is recognised under 'Equity' in the consolidated balance sheet and the related period charge is reflected under 'Operating expenses' in the consolidated income statement.

The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

28. Jointly controlled entities

Inditex has a 50% stake in the group formed by the parent, Tempe, S.A., and its subsidiaries, the detail of which is shown in Annex I.The main activity of these companies is the design, supply and distribution of footwear to Inditex Group companies, their main customer.

Set forth below is the financial information of the Tempe Group, obtained from its consolidated financial statements prepared in accordance with IFRS, together with other relevant financial information:

	2023	**2022**
Property, plant and equipment	252	254
Others	39	36
Non-current assets	**291**	**290**
Inventories	274	330
Trade and other receivables	479	436
Cash and cash equivalents	14	24
Current assets	**767**	**790**
Non-current liabilities	**(26)**	**(27)**
Trade and other payables	(337)	(393)
Others	(2)	(9)
Current liabilities	**(339)**	**(402)**
Net assets	**693**	**651**

	2023	2022
Net sales	1,508	1,408
Gross profit	**418**	**396**
Operating expenses	(232)	(246)
Amortisation and depreciation	(27)	(25)
Net operating profit (EBIT)	**159**	**125**
Net profit	**142**	**105**

In 2023 the Group received dividends totalling 49 million euros (27 million euros in 2022) from Tempe (Note 18).

29. Proposed distribution of the profit of the Parent

The proposed appropriation of the Parent's profit in 2023 in the amount of 2,446 million euros made by the Board of Directors consists of distributing dividends in a maximum amount of 2,400 million euros as interim dividend and allocate at least 46 million euros to voluntary reserves[1].

The Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of 1.54 (gross) euros per share, being comprised of a 1.04 euros per share ordinary dividend and a 0.50 euros per share bonus dividend.

Out of the total amount of 1.54 euros per share, 0.77 euros per share will be paid on 2 May 2024 as ordinary dividend against 2023 results, and 0.77 euros per share will be distributed against the Parent's unrestricted reserves, payable on 4 November 2024 as ordinary and bonus dividend.

The proposal covers a dividend distribution in the maximum amount of 4,800 million euros, corresponding to 1.54 (gross) euros per share for the entire stake of the Parent (3,116,652,000 shares). The final amount to be distributed will be contingent on the number of outstanding shares with a right to dividend at the payment date. Since the Parent net income in 2023 has reached 2,446 million euros, the difference between the interim dividend and the full dividend will be charged against the Parent's unrestricted reserves.

[1] This is the minimum amount applicable to voluntary reserves, contingent on the final amount to be paid as dividend pursuant to the terms of this proposal

30. Remuneration of the Board of Directors and related party transactions

Remuneration of the Board of Directors

The remuneration earned by the Directors of the Parent and by Senior Management of the Group in 2023 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2024, as per the Parent's Shareholders Register, the members of the Board of Directors directly or indirectly held the following ownership interests in the share capital of Inditex:

Name or company name of director	% Voting rights attached to shares		% Voting rights through financial instruments		% Total voting rights	From the total number of voting rights attached to shares, indicate, where appropriate, the additional votes attached to shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ms Marta Ortega Pérez	0.0014%	-	-	-	0.0014%	-	-
Mr Amancio Ortega Gaona [1]	-	59.2940 %	-	-	59.2940%	-	-
Mr Óscar García Maceiras	0.0013%	-	-	-	0.0013%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Pontegadea Inversiones, S.L. [2]	50.0100%	-	-	-	50.0100%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Anne Lange	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0002%	-	-	-	0.0002%	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	0.0006%	-	-	-	0.0006%	-	-
Total					**59.299%**		

[1] Through Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. (Partler 2006, S.L. holds a 100% stake in the latter's share capital and the former is controlled by Mr Ortega Gaona)

[2] Represented by Ms Flora Pérez Marcote

Pursuant to the provisions of section 229 of the Spanish Companies Act, as amended by Act 31/2014, of 3 December, no director of Inditex has communicated during 2023 any situation that, directly and/or indirectly, through persons related to them, could place them in a potential conflict of interest with the Parent.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo and Ms Pilar López Álvarez hold positions on the boards of directors of Grupo Santander and Microsoft, respectively, and perform their duties as directors of the Parent as independent parties, without prejudice to the commercial relationships that Inditex has maintained with these companies for years. In relation to these situations, the Board of Directors of Inditex has considered that neither of the business relationships maintained with the aforementioned companies affect the independence of its directors, since neither of them intervenes in the negotiation and execution of the corresponding contracts, as currently neither of them significantly influences the branch of activity of Microsoft or Banco Santander, as applicable, with which the Parent Company maintains commercial relationships.

In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with directors, significant shareholders and/or senior managers, or with their respective related persons, are carried out under market conditions and respecting the principle of equal treatment of shareholders.

Furthermore, when the Board of Directors deliberated on the appointment and re-election of a position, the compensation or any other resolution referred to a director or to a person or company related to a director, the affected party was absent from the meeting during the deliberation and voting of the relevant resolution.

Related party transactions

Related parties are the subsidiaries, jointly controlled entities (Note 28) and associates detailed in Annex I to the notes to the consolidated annual accounts, the significant or controlling shareholders, the members of the Board of Directors of Inditex and the Senior Management of the Inditex Group, as well as their close family members, as defined in IAS 24, of Commission Regulation (EC) No 1126/2008, of 3 November, adopting certain international accounting standards, and in Article 2, section 3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related party transactions that issuers of securities listed on official secondary markets must disclose.

The transactions with related parties were performed on an arm's length basis.

Inditex Group companies

The transactions between Inditex and its subsidiaries, form part of the normal course of business in terms of their purpose and terms and conditions and were eliminated in full on consolidation. Therefore, they are not disclosed in this Note.

The following tables detail the transactions and the outstanding balances between Inditex and its jointly controlled entities in the consolidated balance sheet:

Transactions:

Company	2023	2022
Jointly controlled entities	(1,163)	(1,025)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2024	31/01/2023
Trade and other receivables	33	37
Non-current financial investments	339	317
Trade and other payables	448	389
Current financial debt	-	2

The transactions with significant shareholders, the members of the Board of Directors and/or Senior Management are detailed below, as the case may be.

Significant shareholders

The transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler Participaciones S.L.U, Partler 2006, S.L. and/or with natural persons or companies related to them, and/or with Rosp Corunna Participaciones Empresariales, S.L. and/or with natural persons or companies related to it, were as follows:

Company name of significant shareholder	Nature of relationship	Type of operation	2023	2022
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(39)	(40)
	Contractual	Services (construction work)	40	21
	Contractual	Other income	-	2
	Contractual	Purchase of assets	(46)	-
Rosp Corunna Participaciones Empresariales, S.L. or related entities or persons	Contractual	Lease of assets	(1)	(1)

A significant part of the related-party transactions that are recognised every year in this section corresponds to the payment of rents associated with the commercial premises that several Group companies have leased to conduct their activity and whose ownership corresponds to companies related to the controlling shareholder or to significant shareholders.

Members of the Board of Directors and Senior Management

The amounts indicated in the following tables and paragraphs referring to remuneration and termination benefits are expressed in thousands of euros in both years.

The following tables show the remuneration and termination benefits of the members of the Board of Directors in 2023:

Name or company name of the Director	Type	Remuneration of Board members	Remuneration of the Deputy Chair of the Board of Directors	Remuneration for serving on Committees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2023	Mult-year variable remuneration (cash and shares) 2023	Compensation	Total 2023
Ms Marta Ortega Pérez	Propietary	100	900	-	-	-	-	-	-	1,000
Mr Óscar García Maceiras	Executive	100	-	-	-	2,500	3,750	3,971	-	10,321
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
PONTEGADEA INVERSIONES S.L. (1)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr Jose Luis Durán Schulz	Independent	100	-	150	50	-	-	-	-	300
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres (2)	Affiliate	45	-	66	-	-	-	-	-	111
TOTAL		**1,045**	**980**	**1,016**	**200**	**2,500**	**3,750**	**3,971**	**-**	**13,462**

Notes:
(1) Represented by Ms Flora Pérez Marcote.
(2) The effective date of his resignation was 11 July 2023.

The total remuneration and termination benefits earned by Senior Management of the Inditex Group in 2023 were as follows:

2023

	SENIOR MANAGEMENT
Remuneration	113,583
Termination benefits	2,888
Total	**116,471**

The aforementioned remuneration for 2023 includes fixed remuneration and both the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2024, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation.

The directors' remuneration for the 2023 financial year includes the fixed terms of the remuneration paid to directors in their status as such and the fixed remuneration and the short-term and long-term variable remuneration earned by the CEO, Mr Óscar García Maceiras from 1 February 2023 through 31 January 2024, for the performance of his executive functions.

With regard to the long-term variable remuneration, included therein is the amount accrued for the first cycle (2021-2024) of the 2021-2025 LTIP. The incentive accrued in 2023 in this regard has amounted to 3,971 thousand euros for the CEO and 52,076 thousand euros for Senior Managers, which has materialized as follows:

- CEO: (i) an incentive in cash in the aggregate amount of 1,183 thousand euros and (ii) an incentive in shares equivalent to a total number of 68,562 shares corresponding to the amount of 2,788 thousand euros.
- Senior Managers: (i) an incentive in cash in the aggregate amount of 17,866 thousand euros and (ii) an incentive in shares equivalent to a total number of 841,162 shares corresponding to the amount of 34,210 thousand euros.

The incentive in cash and in shares will be delivered within the month following the publication of the consolidated annual accounts for 2023.

The increase in the total remuneration of the CEO and Senior Managers compared to the previous year is primarily due to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance period of the objectives and accrual of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan that is being settled and the subsequent appreciation of Inditex's stock price by approximately 50%, from €25.88 price/share at the beginning of the cycle (1 February 2021) to €38.76 at the end of the cycle (31 January 2024).

In this same sense, in accordance with the criteria adopted by the Company, the share price taken into account for the quantification of the part of the incentive that is delivered in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, the listed value of the Inditex shares on 10 March 2023 that was taken into account for the settlement of the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (and which was reported in the Annual Report on Remuneration of Directors for financial year 2022), was €29.27, compared to the €40.67 reached on 8 March 2024, taken as a reference for the settlement of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan.

An itemized breakdown of the remuneration of the members of the Board of Directors in 2022 is as follows:

Name or company name of the Director	Type	Remuneration of Board members	Remuneration of the Deputy Chair of the Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2022	Multi-year variable remuneration (cash and shares) 2022	Compensation	Total 2022
Ms Marta Ortega Pérez (1)	Propietary	834	-	-	-	-	-	-	-	834
Mr Óscar García Maceiras	Executive	100	-	-	-	2,041	3,750	2,483	-	8,374
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
PONTEGADEA INVERSIONES S.L. (2)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr Jose Luis Durán Schulz	Independent	100	-	150	28	-	-	-	-	278
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Affiliate	100	-	150	22	-	-	-	-	272
Mr Pablo Isla Álvarez de Tejera (3)	Executive	16	-	-	-	597	788	2,819	22,990	27,210
TOTAL		**1,850**	**80**	**1,100**	**200**	**2,638**	**4,538**	**5,302**	**22,990**	**38,698**

Notes:

(1) The remuneration for financial year 2022 corresponds to the portion accrued in the period from 1 April 2022, the effective date of her appointment as new Chair (non-executive), through 31 January 2023.
(2) Represented by Ms Flora Pérez Marcote.
(3) The effective date of his resignation was 31 March 2022.

The total remuneration and termination benefits earned by Senior Managers of the Inditex Group in 2022 were as follows:

2022

	SENIOR MANAGEMENT
Remuneration	92,020
Termination benefits	12,761
Total	**104,781**

The aforementioned remuneration for 2022 included the fixed remuneration and both the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2023, as well as by those who had performed duties as senior managers at any time during the reporting period, including the corresponding compensation.

The evolution of Senior Managers' remuneration versus the previous year was primarily due to a higher number of officers that qualified as such and to the increase in the short-term and long-term variable remuneration as a result of the Company's strong operating performance in 2022. Additionally, long-term remuneration was also affected by a higher price of Inditex shares compared to the one in the previous year.

The directors' remuneration for the 2022 financial year included the fixed terms of the remuneration paid to directors in their status as such and the fixed remuneration and the short-term and long-term variable remuneration earned by the CEO, Mr Óscar García Maceiras, and by the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, for the performance of their executive functions. In particular, it included:

The amount of the remuneration earned by: (i) Mr García as director and for the performance of executive functions from 1 February 2022 through 31 January 2023 and by (ii) Mr Isla, in his capacity as director, and the part of his fixed remuneration (wage) earned for the performance of executive functions, both of them for the period running from 1 February 2022 through 31 March 2022, date of economic effects of his resignation.

Also included in the above referred global remuneration were the amounts accrued and paid in 2022 to the former Executive Chairman itemized as follows:

(i) The following amounts as early settlement of current incentives and other items of fixed remuneration:

- Of the incentive for the second cycle (2020-2023) of the 2019-2023 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 980 thousand euros and 46,859 shares.
- Of the incentive for the first cycle (2021-2024) of the 2021-2025 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 421 thousand euros and 24,418 shares.
- Of the annual variable remuneration for 2022: the incentive prorated for the time between the beginning of the year and the date of his departure - estimated by the Board of Directors at maximum level of achievement -, amounted to 788 thousand euros.
- Of the portion of the fixed remuneration for FY2022 (February and March 2022) he had earned as extra wage payments (July and December) the amount of 132 thousand euros.

(ii) As severance pay:

- Severance pay for termination amounted to 3,250 thousand euros, and
- The consideration for his post-contractual non-compete obligation amounted to 19,740 thousand euros.

With regard to the long-term variable remuneration, included therein was the amount accrued for the second cycle (2020-2023) of the 2019-2023 LTIP. The incentive accrued in 2022 in this regard has amounted to 2,483 thousand euros for the CEO and 35,628 thousand euros for Senior Managers, which materialized as follows:

- CEO: (i) an incentive in cash in the aggregate amount of 1,035 thousand euros and (ii) an incentive in shares equivalent to a total number of 49,477 shares corresponding to the amount of 1,448 thousand euros.
- Senior Managers: (i) an incentive in cash in the aggregate amount of 17,089 thousand euros and (ii) an incentive in shares equivalent to a total number of 633,369 shares corresponding to the amount of 18,539 thousand euros.

It bears mention that for the purposes of quantifying the part of such incentive that was delivered in shares, Inditex share price at the close of trading on the last trading day of the week before the meeting when the board of directors assessed and approved the level of target achievement for the second cycle of the 2019-2023 Plan (i.e. 10 March 2023) was considered.

The incentive in cash and in shares was delivered within the month following the publication of the consolidated annual accounts for 2022.

31. External auditors

In 2023 and 2022 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, Ernst & Young, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2023	2022
Audit services	7.2	6.7
Other assurance services	0.6	0.1
Total audit and similar services	**7.8**	**6.8**
Tax services	0.1	0.1
Other services	-	-
Total professional services	**7.9**	**6.9**

Furthermore, audit fees for services provided by auditors other than the main auditor, Ernst & Young in 2023 amounted to 0.1 million euros (0.3 million euros in 2022).

32. Environment

Inditex has developed a flexible and integrated business model, with a strong customer focus and a clear approach in sustainability. In this regard, the bases of Inditex's sustainability strategy (which includes both the environmental and social areas) is outlined in its Sustainability Policy, which sets out, among other aspects, the Group's environmental principles, which are applied transversally across all its business areas and throughout its entire value chain.

Inditex has diverse sustainability objectives such as the use of 100% renewable electricity at its own facilities, the use of preferred fibres in its products (100% cotton and cellulosic fibres in 2023 and 100% polyester and linen in 2025) and a more than 50% reduction in our emissions (including our own operations and value chain) by 2030, among others.

At the year-end, Inditex has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and profits (losses). Climate change has been assessed as part of the estimates and judgements made in the preparation of the consolidated accounts (Note 2) and is not considered to have a material impact thereupon.

The Non-Financial Information Statement of the Group includes information on Inditex's Commitment to Sustainability.

33. Other information

Russian Federation and Ukraine

In October 2022, a preliminary agreement was reached with 'Fashion and More Management DMCC', a Daher Group company, to divest the Inditex Group's business in Russia through the transfer of all the shares of 'JSC New Fashion' (formerly JSC Zara CIS). The net assets associated with this business were adjusted to realisable value at 31 January 2023 and classified as Non-current assets held for sale in the amount of 183 million euros. In the consolidated income statement for 2022, with an amount of 231 million euros, the estimated cost corresponding to the termination of operations and the impact of the agreement to sell the business in this market was recorded under the heading Other results.

The transaction was completed in April 2023 after obtaining the relevant administrative permits from the Russian authorities, resulting in the transfer to the Daher Group of the assets and employees associated with 243 stores owned by the Group in Russia. Furthermore, should new circumstances arise which, in Inditex's opinion, allow the return of the Group's brands to this market, the agreement provides that the Inditex Group is entitled, and the Daher Group obliged, to arrange a franchise agreement and immediately use the transferred assets. These rights

have been recognised as an intangible asset with a finite useful life in the consolidated balance sheet at 31 January 2024, in the amount of 213 million euros (Note 15).

In the consolidated income statement for 2023, the aforementioned agreement did not have any material impact other than that already recognised at 2022 year-end.

The brands opened in these premises, which are unconnected to the Inditex Group, are managed independently by the Daher Group.

No future commitments or contingencies are expected to arise as a result of the agreement reached that could materially affect the Inditex Group's financial statements.

Operations in Ukraine remain suspended at the date of preparation of these consolidated financial statements, although the gradual reopening is planned from April 2024.

Argentina and Uruguay

In December 2023, a share purchase agreement was reached with the Group companies Trade Alliance Holding Corp, Asparel, S.A. and Viridia Company, S.A. for these companies to acquire 100% of the shares of Zara Argentina, S.A. and G. Zara Uruguay, S.A., respectively. The Group operated in the aforementioned markets, in addition to online sales, a total of 15 stores (11 in Argentina and 4 in Uruguay). This transaction resulted in these companies' removal from the Group's consolidation perimeter.

The sale agreement also provided for the formal franchise arrangement, whereby the Group's entire business in both markets is now operated by the Trade Alliance Holding Corp Group as a franchise.

Neither the value of the Group's net assets in the aforementioned markets, nor the result of said transaction, are material from the perspective of the consolidated financial statements for 2023.

34. Events after the reporting period

No significant events have occurred after the reporting date.

35. Explanation added for translation to English

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Annex 1:
Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Subsidiaries:						
Industria De Diseño Textil, S.A. (Inditex, S.A.)	Parent	A Coruña - Spain	Full Consol.	31-jan	—	Parent
Bershka Bsk España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Retail sales
Bershka Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Design
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Bershka	Retail sales
Bershka Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Bershka	Retail sales
Bershka Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Bershka	Retail sales
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Logistics
Bershka Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Usa, Inc	100.00%	New York - USA	Full Consol.	31-jan	Bershka	Dormant
Best Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Bershka	Retail sales
Bske, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Holding company
Kg Bershka Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Retail sales
Limited Liability Company "Bk Garments Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Bershka	Retail sales
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Retail sales
Kg Massimo Dutti Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Retail sales
Limited Liability Company "Massimo Dutti Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Belux, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Design
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti India Private Limited	51.00%	Gurgaon - India	Full Consol.	31-mar.	Massimo Dutti	Retail sales
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Logistics
Massimo Dutti Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Massimo Dutti	Dormant
Master Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Massimo Dutti	Retail sales
"Itx Albania" Shpk	100.00%	Tirana - Albania	Full Consol.	31-dec	Multi-concept	Retail sales
"Itx Kosovo" L.L.C.	100.00%	Pristina	Full Consol.	31-dec	Multi-concept	Retail sales
Cdc Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Multi-concept	Buyer

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Corporacion De Servicios XXI, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Services
Fashion Logistics Forwarders, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Fashion Retail, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Retail sales
Fgi Gestión Mex, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Construction
Goa-Invest Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Construction
Goa-Invest, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Construction
Indipunt, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Inditex Belgique S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ceská Republika, S.R.O.	100.00%	Prague - Czech Republic	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Danmark A/S	100.00%	Copenhaguen - Denmark	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Multi-concept	Dormant
Inditex Montenegro, D.O.O. Podgorica	100.00%	Podgorica - Montenegro	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Norge As	100.00%	Oslo - Norway	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Österreich Gmbh	100.00%	Vienna - Austria	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Renovables, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Services
Inditex Romania, S.R.L.	100.00%	Bucharest - Romania	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ukraine Llc	100.00%	Kiev - Ukraine	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Holding company
Itx Asia Pacific Enterprise Management, Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Multi-concept	Buyer
Itx Bh D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Bulgaria Eood	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Canada, Ltd	100.00%	Montreal - Canada	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx E-Commerce (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Financien III, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Financiën, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Finland Oy	100.00%	Helsinki - Finland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Global Solutions Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Multi-concept	Services
Itx Hellas Single Member S.A.	100.00%	Athens - Greece	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Italia Srl	100.00%	Milan - Italy	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Japan Corporation	100.00%	Tokyo - Japan	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Korea Limited	100.00%	Seoul - South Korea	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Luxembourg S.A.	100.00%	Luxembourg - Luxembourg	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Magyarország Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Merken, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Services
Itx Nederland Bv	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Portugal - Confecções, S.A.	100.00%	Lisbon - Portugal	Full Consol.	31-jan	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Itx Re Designated Activity Company	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Insurance
Itx Retail Ireland Limited	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Retail Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Retail Suisse Sarl	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Rs Doo Beograd	100.00%	Belgrade - Serbia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx S, D.O.O	100.00%	Ljubljana - Slovenia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Services India Private Limited	100.00%	Gurgaon - India	Full Consol.	31-mar	Multi-concept	Buyer
Itx Sverige Ab	100.00%	Stockholm - Sweden	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Taiwan B.V. Taiwan Branch	100.00%	Taipei - Taiwan, China	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Trading, S.A.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Buyer
Itx Tryfin B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Turkey Perakende Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Türkiye	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Uk Ltd.	100.00%	London - UK	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Retail sales
Itxr Macedonia Dooel Skopje	100.00%	Skopje - North Macedonia Rep.	Full Consol.	31-dec	Multi-concept	Retail sales
Lelystad Platform, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Logistics
Nueva Comercializadora Global XXI, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Logistics
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Multi-concept	Retail sales
Zara Holding II, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Holding, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Multi-concept	Retail sales
Limited Liability Company "Oysho Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Oysho	Retail sales
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Design
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Retail sales
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Oysho	Retail sales
Oysho Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Oysho	Retail sales
Oysho Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Oysho	Retail sales
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
Oysho Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Oysho	Retail sales
Oysho Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Oysho	Retail sales
Itx Taiwan B.V. Pull & Bear Taiwan Branch	100.00%	Taipei - Taiwan, China	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "Pull And Bear Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Pull & Bear	Retail sales
P&Be, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Holding company
Plataforma Cabanillas, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Pro Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Design
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pull & Bear Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull And Bear Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "Stradivarius Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Stradivarius	Retail sales
Spanish Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Commercial (Shanghai) Co. Ltd	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Stradivarius Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Uterqüe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Türkiye	Full Consol.	31-jan	Uterqüe	Dormant
Uterqüe Kazakhstan Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Polska Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Uterqüe	Dormant
Choolet, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Comditel, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Buyer
Confecciones Fios, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Denllo, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Fsf New York, Llc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Fsf Soho, Llc	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Glencare, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Inditex Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
Inditex Logistica, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Trent Retail India Private, Ltd.	51.00%	Gurgaon - India	Full Consol.	31-mar.	Zara	Retail sales
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Inditex, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Itx Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Retail sales
Itx Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Kg Zara Deutschland B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
Lefties España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Limited Liability Company "Zara Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara	Retail sales
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Nikole, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León - Spain	Full Consol.	31-jan	Zara	Logistics
Retail Group Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
Sci Vastgoed Ferreol P03302	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed France P03301	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed Nancy P03304	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Snc Zara France Immobilière	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Stear, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Trisko, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Zara Brasil, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing) Co., Ltd	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
Zara Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Fashion (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Zara	Retail sales
Zara France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
Zara Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Zara Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara	Retail sales
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Zara Monaco, Sam.	100.00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Korea, Co. Ltd.	80.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Nz Limited	100.00%	Auckland - New Zealand	Full Consol.	31-jan	Zara	Retail sales
Zara Retail South Africa (Proprietary), Ltd.	90.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara	Retail sales
Zara Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Zara, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Dormant
Zintura, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Itx Finance Asia Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Zara Home Retail South Africa (Pty) Ltd.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara Home	Retail sales
Limited Liability Company "Zara Home Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Australia Pty Limited	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Brasil Produtos Para O Lar, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Commercial & Trading (Shanghai), Co. Ltd	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Design
Zara Home España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara Home	Dormant
Zara Home Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Zara Home Macau Sociedade Unipessoal Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp. Z.O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara Home	Retail sales
Zhe, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company
Jointly contolled entities:						
Tempe, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe Logística, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics
Tempe Diseño, S.L.U.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Design
Tempe Trading Asia Limited	50.00%	Hong Kong SAR	Equity method	31-jan	Multi-concept	Sale of footwear
TMP Trading (Shanghai) Co. Ltd	50.00%	Shanghai - Mainland China	Equity method	31-dec	Multi-concept	Sale of footwear
Tempe Giyim, Ltd.	50.00%	Istanbul - Türkiye	Equity method	31-jan	Multi-concept	Dormant

INDITEX

At 31 January 2024
(Amounts expressed in millions of euros)

INDITEX

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section 5.About Inditex in the Inditex Group's Statement on Non-Financial Information.

Organisational structure

Inditex's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

/ Annual General Meeting

/ Board of Directors

/ Executive Committee

/ Management Committee

/ Audit and Compliance Committee

/ Nomination Committee

/ Remuneration Committee

/ Sustainability Committee

/ Market Transparency Committee

/ Ethics Committee

On the other hand, Inditex relies on two permanent advisory internal bodies made up of external members:

/ Social Advisory Board

/ Cybersecurity Advisory Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues to focus on four key areas: a unique product proposition, enhancing the customer experience, sustainability, and the talent and commitment of our people.

In 2023, Inditex's fully integrated model had a very strong operating performance. Sales, EBITDA and net income reached historic highs.

In 2023, the collections have been very well received by our customers. Sales grew +10.4% to reach €35.9 billion, showing very satisfactory development both in stores and online. Sales were positive in all geographical areas and in all concepts. Sales in constant currency grew 14.1%.

In 2023, store sales grew 7.9% reflecting incremental footfall and increasing store productivity. Our ongoing store optimisation and digitalisation programme continues to be key. The higher level of store sales has been achieved with 2% more commercial space and 2% less stores than in 2022. In 2023 gross new space increased 4.5%.

Total Selling Space (m2)	2023	2022	23/22
Zara (Zara and Zara Home)	3,078,590	3,027,915	2 %
Pull&Bear	377,969	368,418	3 %
Massimo Dutti	220,633	218,263	1 %
Bershka	470,134	458,374	3 %
Stradivarius	311,436	304,075	2 %
Oysho	98,409	96,314	2 %
Total	**4,557,170**	**4,473,358**	**2%**

In 2023, Inditex opened stores in 41 markets. During the year, Zara opened its first store in Cambodia. The group remained very active in store optimisation activities (192 openings, 231 refurbishments which include 84 enlargements and 315 absorptions). At the end of 2023 Inditex operated 5,692 stores.

A list of the number of stores by concept is included in the table below:

Concept	31/01/2024	31/01/2023
Zara	1,811	1,885
Zara Home	410	427
Pull&Bear	791	789
Massimo Dutti	544	548
Bershka	856	860
Stradivarius	841	849
Oysho	439	457
Total	**5,692**	**5,815**

Company-managed stores and franchised stores at the end 2023:

Concept	Company Managed	Franchised	Total
Zara	1,525	286	1,811
Zara Home	321	89	410
Pull&Bear	628	163	791
Massimo Dutti	430	114	544
Bershka	692	164	856
Stradivarius	644	197	841
Oysho	349	90	439
Total	**4,589**	**1,103**	**5,692**

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
Zara (Zara and Zara Home)	87%	13%
Pull&Bear	81%	19%
Massimo Dutti	80%	20%
Bershka	83%	17%
Stradivarius	80%	20%
Oysho	81%	19%
Total	**85%**	**15%**

A list of the stores' locations by concepts and by market at 31 January 2024 is included in Annex III.

Online sales also grew satisfactorily at 16% to reach €9.1 billion.

Customer engagement remains very high. Active App's reached 152 million. Online visits in FY2023 have grown 10% to 6.5 billion visits. The Group has 251 million followers on social media.

Net sales by concept are shown in the table below:

Concept	2023	23/22
Zara (Zara and Zara Home)	26,050	10 %
Pull&Bear	2,359	10 %
Massimo Dutti	1,839	15 %
Bershka	2,621	10 %
Stradivarius	2,334	13 %
Oysho	744	19 %
Total	**35,947**	**10 %**

Store & Online sales by geographical area are shown in the table below:

Area	2023
Europe ex-Spain	48.7 %
Americas	19.6 %
Asia & RoW	16.9 %
Spain	14.8 %
Total	**100 %**

In 2023, the execution of the business model was very strong. Gross profit increased 11.9% to €20.8 billion. The gross margin reached 57.8% (+77 bps).

The tight control of operations and the implementation of efficiencies has resulted in operating expenses growth of 10.0%, below sales growth. Including all lease charges, operating expenses grew 1.25 percentage points below sales growth.

	2023	2022	23/22
Personnel expenses	5,357	4,753	13%
Rental expenses	989	859	15%
Other operating expenses	4,507	4,255	6%
Total	**10,853**	**9,867**	**10%**

Including all lease charges, rental expenses grew 8%.

EBITDA reached €9.9 billion (+13.9%), EBIT came to €6.8 billion (+23.4%). As a reminder, in FY2022, Inditex reported a provision for expected expenses for FY2022 in the Russian Federation and Ukraine of €231 million under Other results.

The following chart shows the breakdown of financial results:

	2023	2022
Net financial income (losses)	305	56
Lease finance costs	(196)	(116)
Foreign exchange gains (losses)	(120)	(155)
Total	**(11)**	**(214)**

Results from companies consolidated by the equity method came to €72 million.

PBT increased 28.2% to €6.9 billion. The breakdown of profit before tax by concept is shown below:

PBT by concept		
Concept	**2023**	**2022**
Zara (Zara and Zara Home)	5,004	4,002
Pull&Bear	438	355
Massimo Dutti	339	226
Bershka	460	326
Stradivarius	493	371
Oysho	136	78
Total PBT	**6,870**	**5,358**

Net income increased 30.3% versus 2022 to €5.4 billion.

Return on Equity attributable to the Parent (ROE), defined as net profit attributable to the Parent on average equity attributable to the Parent:

	2023	2022
Net profit attributable to the Parent	5,381	4,130
Equity attributable to the Parent - previous year	17,008	15,733
Equity attributable to the Parent - current year	18,642	17,008
Average Equity attributable to the Parent	17,825	16,371
Return on Equity attributable to the Parent	**30%**	**25%**

Return on Capital Employed (ROCE), defined as profit before taxes on average capital employed (average equity attributable to the Parent plus average net financial debt):

	2023	2022
Profit before taxes	6,870	5,358
Average capital employed:		
Average Equity attributable to the Parent	17,825	16,371
Average net financial debt (*)	-	-
Total average capital employed	17,825	16,371
Return on Capital employed	**39 %**	**33 %**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	2023	2022
Zara (Zara and Zara Home)	36%	31%
Pull&Bear	52%	46%
Massimo Dutti	43%	27%
Bershka	42%	32%
Stradivarius	62%	51%
Oysho	52%	31%
Total	**39%**	**33%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2023 results by quarter.

Issues relating to sustainability and employees

This document includes the Group's Statement on Non-Financial Information, which includes information about issues relating to sustainability and employees throughout the document, and in particular in sections: 5.2. Strategy; 6. Environment; 7.1. Our people; 7.3. Communities; and 8.3. Supplier relations.

Liquidity and capital resources

Given the strong execution of the business model, lease adjusted funds from operations grew 22.2% and cash from operations grew 37.2%.

	2023	2022
Funds from operations(*)	**6,991**	**5,722**
Change in working capital	(56)	(669)
Cash from operations	**6,934**	**5,053**
Capital expenditure	(1,872)	(1,415)
Free Cash Flow	**5,062**	**3,638**

*The cash lease payments fixed charge has been added back.

The net cash position grew 13.3% to €11.4 billion.

	31/01/2024	31/01/2023
Cash & cash equivalents	7,007	5,561
Short term investments	4,415	4,522
Current financial debt	(16)	(13)
Non current financial debt	-	-
Net financial cash (debt)	**11,406**	**10,070**

Due to the robust operating performance and the normalisation in supply chain conditions, inventory was 7% lower as of 31 January 2024 versus the same date in 2023. Initial Spring/Summer collections are considered to be of high quality.

	31/01/2024	31/01/2023
Inventories	2,966	3,191
Receivables	1,038	851
Payables	(7,467)	(6,561)
Operating working capital	**(3,463)**	**(2,520)**

Capital expenditure for FY2023 came to €1.87 billion, of which €240 million relates to extraordinary capex linked to multiyear projects.

The Group's capital structure is characterised by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group considers that no changes will arise with regard to the generation and management of liquidity in the coming year.

Additionally, the Group has available credit lines, against which no amounts have been drawn down (Note 21 to the Consolidated Annual Accounts), that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

The section "Information on the outlook for the Group" outlines the projected execution of investments, mainly in stores, for the next financial year. However, at year-end there were no firm investment commitments of a material amount.

Main risks and uncertainties

In order to facilitate unified and comprehensive risk management, the Group has established a common definition of risk for the Organisation as a whole. Accordingly, the Group defines a risk as “any potential event that may have a negative impact on the achievement of the business objectives”.

The risks reviewed are classified and grouped in the following categories:

Financial risks

Financial risks are threats originating in the macroeconomic sphere, financial markets, global value chains and industry- or company-specific events that may prevent the proposed objectives from being attained.

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes market risk, foreign exchange rate risk, counterparty risk, inflation and risk relating to raw material price increases, economic contraction and the competitive environment. The euro is the Group’s presentation currency. Its international transactions require the use of numerous non-euro currencies giving rise to foreign currency exchange risk. The Group has investments overseas whose assets are exposed to the foreign currency exchange risk. Given that the Group consolidates the annual accounts of all its companies in its presentation currency, i.e., in euros, it is exposed to foreign currency exchange risk in the translation of the results of all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

The Group is exposed to counterparty risk from its suppliers of goods and services, as well as from its customers and business partners which could impact the normal performance of some of its operations. The majority of its revenue relates to retail sales which are collected on demand, either in cash or through a credit card. There are therefore no significant concentrations of credit risk. The financial solvency of the Group's most important third parties is analysed and monitored as part of an analysis process that also encompasses legal, compliance, reputational and other aspects. The Group is also exposed to the risk that counterparties (mainly financial) fail to comply with their obligations in relation to investing the Company's liquidity, credit policies or other funding and guarantee vehicles, as well as the derivative instruments arranged to hedge financial risks.

Interest rate and liquidity risk are also assessed. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum, also taking into account sovereign or jurisdiction risk. Consideration is also given to the potential impact of inflation affecting costs linked to the acquisition of goods and services. In this regard, it is worth noting the increase in the price of the many raw materials consumed directly and indirectly in the Group's operations and in its procurement of goods and services. The Group is monitoring the evolution of the raw material markets. It actively manages their impact, taking advantage of the flexibility of our business model, which enables the diversification of sources and the adaptability of the value chain based on expected demand forecasting.

Lastly, this category includes risks relating to the competitive environment, meaning the difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retailing and sale activities. It consists of the Group's possible inability to follow and respond to changes in its target market or to adapt to new situations in its supply or distribution countries, considering the difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and marketing new items that meet customer expectations. The optimal achievement of business objectives may be shaped by a potential decline in sales resulting from an economic downturn, whether global or limited to one or more of the markets in which the Group operates.

Geopolitical risks

Geopolitical risks arise from a deterioration in the political situation, society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or between nation states that threaten operations or forecast performance.

Potential instability in the territories where the Group's supply chains are located, as well as where products are marketed, is a significant risk. Sometimes instability manifests itself through frictions that hinder the normal movement of goods during the transport process, whether due to sociopolitical instability, infrastructure saturation or constraints, especially on key routes, which generate bottlenecks due to supply-demand imbalances that limit access to transport and/or erode business margins.

The business model is based on a value chain with multiple geographic origins. The Group's integrated sales model enables it to operate in more than two hundred markets, which ensures a significant level of diversification and resilience. As a result of its broad geographic presence, the Group is directly or indirectly exposed to multiple legislations in the countries where it operates (tax, customs, labour, trade and consumer, industrial and intellectual property, personal data protection and privacy regulations). Regulatory changes, as well as differing or even divergent treatment of legal facts in different jurisdictions, expose the Group to potential negative effects of a financial, compliance and/or reputational nature.

The Group terminated its operations in the Russian Federation and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024. Furthermore, operations in Argentina and Uruguay have been franchised (Note 33 to the Consolidated Annual Accounts).

Technological risks

The technological risk category includes targeted cyberattacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and technological security of systems, in particular, the risk of cyberattacks on information systems, which could potentially compromise the continuity of operations and/or the confidentiality, integrity and availability of critical data.

These risks may significantly affect the normal functioning of the Group's operations. Some of the operational risks are concentrated at logistics centres and third-party operators transporting goods. The concepts' clothing, footwear, accessories and household products of all concepts are distributed from different logistics centres, owned by the Group and operated by third parties, located throughout Spain and complemented by a logistics connection hub in the Netherlands. There are additional smaller logistics centres located in other countries and operated by third parties which carry out small scale distribution operations.

The ability to adapt to technological innovations and evolutions in a broad sense, and digitalisation, both in customer interaction through the development of a satisfactory omni-channel experience, as well as in the improvement of operational processes, is essential to ensure the Group's commercial success in a highly competitive environment. The emergence of disruptive technologies, such as Artificial Intelligence, is playing an increasingly significant role. This represents a transformative opportunity in many spheres such as automation and process optimisation, but also a potential amplifier of other risks, be they technological, social, etc.

Environmental risks

Environmental risks are risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Key operations pertaining to business and transport processes could be paralysed as a result of natural disasters (floods, fires, earthquakes, etc.), especially if they affect the Group's critical infrastructures. The Group's performance is exposed to the potential impact of climate change in its various manifestations of physical risk, whether chronic or acute, as well as the risks resulting from the transition to a low-carbon economy.

In this regard, significant changes in weather cycles may affect consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others. There are potential financial and reputational risks associated with the nature, speed and focus of policy, legal, technological and market changes as society transitions to a low-carbon economy.

There is also a risk arising from the potential adverse environmental effects of the Group's value chain due to the discharge of undesirable or hazardous substances, or potentially resulting in the loss of biodiversity, deforestation, soil degradation, shortage of raw materials, among others.

Social risks

The category of social risks includes risks arising from socio-economic trends, including the evolution of preferences in societies, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Human resource-related risks pertain to the necessity to adapt the organisational culture to the needs of staff in a new and complex environment, where the sustainability of human capital becomes more relevant and which aims to ensure the quality of employment, health and well-being of staff, work-life balance, diversity, and other factors.

This category includes the risk of infectious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population.

Lastly, this category also includes risks which have a direct influence on the perception of the Group by its stakeholders (customers, employees, shareholders and suppliers) and society in general. They arise from the possibility of the inappropriate management of issues relating to corporate ethics, social and environmental sustainability, responsibility for the health and safety of the products, the corporate image of the Group, as well as its image in social networks, and any other potential breach that might have an impact on the Organisation's reputation.

Governance risk

Governance risks include a set of risks of a different nature. These include non-compliance by the Company, and in particular by its Board of Directors and Senior Management, with the law in a formal or material sense; good governance guidelines and 'best practices'; as well as the commitments that Inditex voluntarily undertakes as a business, and the risks resulting from the tactical and strategic decisions of the Group's Management that may result in the non-fulfilment of the business objectives of the functional areas or of the Group, as well as regulatory risks of a criminal nature, such as crimes related to corruption, fraud and/or bribery, or any other damage to the reputation of the Company.

Risk management in the Group is a process promoted by the Board of Directors and Senior Management and is the responsibility of all members of the Group, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved as a response to the social and environmental challenges, furnishing all stakeholders with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Integrated Risk Management System ('IRMS') is based on the Risk Management and Control Policy, which sets out the basic principles, key risk factors and the general framework for risk management and control.

The Risk Management and Control Policy is implemented and complemented by specific policies and internal regulations relating to certain units or areas of the Group. The policies and internal regulations developed and implemented by these areas for the management of the different types of risks include: the Financial Risk Management Policy, the Code of Conduct, the Code of Conduct for Manufacturers and Suppliers, the Criminal Risk Prevention Policy, the Sustainability Policy, the Information Security Policy, the Policy on Human Rights, the Diversity and Inclusion Policy, the Compliance Policy, and the Anti-Money Laundering and Terrorist Financing Policy, among others.

For more details, see section 5.1.3. Responsible risk management of the Statement on Non-Financial Information.

Significant events after the reporting period

No significant events have occurred after the reporting date.

Information on the outlook for the Group

Spring/Summer 2024 collections have been very well received by our customers. Store and online sales in local currency, adjusted for the calendar effect of an extra trading day in February due to the leap year, increased 11 % between 1 February and 11 March 2024 versus the same period in 2023.

Inditex continues to see strong growth opportunities. Our key priorities are to continually improve the product proposition, to enhance the customer experience, to increase our focus on sustainability and to preserve the talent and commitment of our people. Prioritising these areas will drive long-term organic growth.

The flexibility and responsiveness of our business in conjunction with in-season proximity sourcing allows a rapid reaction to fashion trends and a unique market position. Our business model has great potential going forward.

The growth of the Group is underpinned by the investment in stores, the advances made to the online sales channel and the improvements to the logistics platforms with a clear focus on innovation and technology. Sustainability is a key part of the strategy.

In recent years, we have seen very strong progress of our unique business model and a material increase in differentiation through efficiencies in all areas of our operations that will result in an enhanced customer experience.

In 2022-2023, Inditex experienced significant growth in sales and productivity. Sales have grown 35% in constant currency in the period.

To take our business model to the next level and extend our differentiation further we are developing a number of initiatives in key areas for the coming years.

/ Product Proposition

We will continue focusing on the creativity, quality and design of all our products and reinforcing the commercial initiatives of all our concepts. Zara Woman The Leather Edition, Massimo Dutti Venetian Veil, Pull&Bear the Summit, Bershka TBTailoring, Stradivarius Poplin, Oysho Back to training and Zara Home Linens are just some of the proposals that will be available throughout 2024.

The collections show our strong commitment to creativity, with a team of 700 designers and a 630-person prototype team utilising a meticulous design process that attends to every small detail of our garments and collections, while striving to provide quality fashion to more and more customers around the world.

/ Customer experience

We will continue to offer the best shopping experience to our customers, both in our stores and on our online platforms.

Regarding our stores, Zara will launch in new locations (Zara Palazzo Verospi Roma, Hamburg-Überseequartier, The Grove-Los Angeles and Caesars Palace-Las Vegas). Additionally, we will make important enlargements and refurbishments in some of our most emblematic stores (Zara Corso Vittorio Emanuele Milan and Zara Nanjing Road Shanghai).

Massimo Dutti will open a store in the US at Aventura Mall, Miami and Oysho will open its first store in Germany (Hamburg) in 2024. In India, Bershka will open its first store in Mumbai Palladium, and Zara Home will open in Bangalore.

In terms of new markets in 2024, our concepts have opened their first stores in Uzbekistan. Over 2024, we expect to reopen around 50 Inditex stores in Ukraine.

Regarding our online experience, we will start weekly livestreaming services in the US and UK over 2024. The Group continues to explore new ways of communicating in order to improve the customer experience, via channels such as Shuffle for Pull&Bear.

We continue introducing the new security technology in our stores. This new technology provides a significant improvement in customer experience, facilitating interaction with our products and improving the purchasing process. The new system will be fully operational in Zara in 2024. It will be progressively implemented in all the concepts and will be the basis for us to continue deepening the digitalisation of stores and their integration with online platforms in the coming years.

/ Sustainability

In terms of circularity, the Zara Pre-Owned platform is currently available in 16 European markets, and will reach new relevant markets, starting with the United States. Through this platform, we will continue helping our customers to extend the life cycle of their Zara garments through donation, repair or resale.

Regarding innovation, our Sustainability Innovation Hub is currently working with more than 350 start-ups. Some of these projects are now contributing to our current collections. An example of this is LOOPAMID® x ZARA. ZARA Studio has developed a single-material jacket made entirely with LOOPAMID®, a polyamide created entirely from textile waste. We have also seen commercial collaborations with CIRC. Furthermore, we have recently strengthened our commitment to Infinited Fiber with a direct investment in the capital of the company.

/ People

We will continue to promote the talent and commitment of our teams in order to reinforce our attractiveness as a benchmark employer.

Hola! is our welcome training program for everyone joining a Zara store for the first time. This is an itinerary for the first 4 weeks, combining hands-on and digital sessions on our Tra!n platform. We highlight the figure of Zara Coach: the person in charge of welcoming, guiding, supporting and involving the rest of the team during the process. The Hola! programme is already available in 50 markets, where we have about 2,800 Zara Coaches so far.

In addition, throughout the 2023 financial year, more than 12,700 people have been promoted, resulting in 72% of the Group's vacancies being filled internally. Additionally, 2.8 million hours of training have been provided to the teams.

Outlook:

Inditex operates in 213 markets with low share in a highly fragmented sector and we see strong growth opportunities. To meet the current strong demand, which builds on the significant growth of the business in 2022-23, we are taking a number of initiatives.

Optimisation of stores is ongoing. We expect strong sales productivity in our stores going forward. The growth of annual gross space in the period 2024-2026 is expected to be around 5%. Inditex expects space contribution to sales to be positive in this period, in conjunction with a strong evolution of online sales.

For 2024, we are planning investments that will scale our capabilities, obtain efficiencies and increase our competitive differentiation to the next level. We estimate ordinary capital expenditure of around €1.8 billion in 2024. This investment will be mainly dedicated to the optimisation of our commercial space, its technological integration and the improvement of our online platforms.

In view of the strong future growth opportunities, Inditex is implementing a logistics expansion plan in 2024 and 2025. This extraordinary two-year investment programme focused on the expansion of the business allocates €900 million per year to increase logistics capacities in each of the 2024 and 2025 financial years. These investments will have the highest standards of sustainability and use the most up-to-date technology. Below are the main investments:

/ Zara: New 286,000 m2 distribution centre Zaragoza II

/ Zara: Increased distribution centre capacity of 123,000 m2 in Lelystad (Netherlands)

/ Bershka: New 116,000 m2 distribution centre in the Valencia region

/ Tempe: New 141,000 m2 distribution centre in in the Valencia region

Most of these projects will be operational as early as the second half of 2025. The objective of this logistics plan is to strengthen Inditex's capabilities to address strong growth opportunities in the medium and long term at a global level.

At current exchange rates, Inditex expects a -1.5% currency impact on sales in 2024.

For 2024, Inditex expects a stable gross margin (+/-50 bps).

R&D+I activities

The Inditex Group carries out research, development and innovation activities in all areas of its business with the aim of improving the manufacturing and distribution processes and developing technologies that facilitate business management, either using its own resources or with the help of third parties. In particular, we highlight the activity of designing clothing, accessories and household items, logistics and those related to technology linked to point-of-sale terminals, to administration and inventory management systems, to delivery systems at distribution centres, to communication with stores, to garment labelling and, finally, to the activity linked to the digital transformation of the business.

Acquisition and sale of treasury shares

The Annual General Meeting held on 13 July 2021 approved the 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021), and the Annual General Meeting held on 11 July 2023 approved a new Long-Term Incentive Plan for the 2023-2027 period.

Said Annual General Meeting of 11 July 2023, authorised the Board of Directors to derivatively acquire treasury shares, aimed at covering these plans. This authorisation annulled the previous authorisation approved by the General Shareholders' Meeting held on 16 July 2019.

As at 31 January 2023, the Parent owned a total of 4,932,514 treasury shares, representing 0.158% of the share capital.

During the first half of 2023,the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (which expired on 31 January 2023) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,350,095 shares, representing 0.043% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2023.

Consequently, at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

Other salient information

Stock market information

The Inditex share price closed 2023 at 39.71 euros per share on 31 January 2024, presenting an increase of 39%. The average daily trading volume was approximately 3 million shares. In the same period, the Ibex 35 was up by 12% while the Dow Jones Stoxx 600 Retail rose by 10%.

Inditex's market capitalisation stood at 123,762 million euros at the end of the period, up 1,251% on its capitalisation when its shares were admitted to trading on 23 May 2001, as compared with a 5% increase in the Ibex 35 index in the same period.

The dividend for 2022 totalling 1.20 euros per outstanding share was paid in May and November 2023.

Dividends policy

The dividends paid by the Parent in 2023 and 2022 amounted to 3,736 million euros and 2,895 million euros, respectively. These amounts correspond to payments of 1.20 euros per share and 0.93 euros per share, respectively.

Inditex's dividend policy consists of a 60% ordinary payout and bonus dividends. For FY2023, the Board of Directors will propose at the AGM a dividend increase of 28% to €1.54 per share, composed of an ordinary dividend of €1.04 and a bonus dividend of €0.50 per share. The dividend will be made up of two equal payments: on 2 May 2024 a payment of €0.77 per share (ordinary) and on 4 November 2024 a payment of €0.77 per share (€0.27 ordinary + €0.50 bonus).

The distribution proposed by the Board of Directors is shown in Note 29 to the Consolidated Annual Accounts.

Other disclosures

Related party transactions

Transactions with related parties are described in Note 28 and Note 30 to the consolidated annual accounts. The Group did not carry out any related party transactions during the year that substantially affected its financial position or results.

Information on average payment periods required by Law 15/2010, of 5 July

The Group's supplier payment policy complies with the periods for payment to suppliers set in the late payment legislation in force. The Group is developing measures to try to reduce the payment period in those rare cases in which the established maximum payment period is exceeded. The aforementioned measures will focus on reducing the length of the processes involved in the receipt, verification, acceptance and accounting of invoices (enhancing use of electronic and technological methods) and improving the procedure for incident resolution in this connection.

Annual Corporate Governance Report

The Annual Corporate Governance Report for 2023 is included herein. It will be filed with the Spanish National Securities Market Commission (CNMV) as an additional regulatory disclosure on 13 March 2024 and is available at www.inditex.com and on the CNMV website(www.cnmv.es).

Non-financial and diversity, equality, non-discrimination and disability information

The Group's Statement on Non-Financial Information, in sections 7.1.2. Our approach to diversity and 7.1.3. Equal pay and remuneration policy includes information on diversity, equality, non-discrimination and disability.

Alternative performance measures

The gross profit, EBITDA, EBIT, PBT, ROCE, ROE, working capital, net financial position, average net financial debt, store operating profit, quarterly results, sales growth at constant exchange rates and sales in comparable stores, are defined in Note 2 to the consolidated annual accounts for 2023.

This document may contain statements regarding intentions, expectations, estimates or forecasts. All statements other than statements of historical facts contained herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These statements represent the Company's best estimate, on the basis of the information available as at the date hereof, but do not constitute a guarantee of future performance. Any such forward-looking statements may be subject to risks, uncertainties and other relevant factors which could cause the evolution and actual results achieved to differ materially from results predicted. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Some of these risks include, without limitation, financial risks, such as the macroeconomic environment of the various geographies where the Group operates, changes to market factors (including, without limitation, foreign exchange or interest rates or the price of raw materials), the financial solvency of counterparties or the competitive environment, (ii) geopolitical risks, such as instability in the different supply markets and the markets where our goods are sold, or the frictions that may hinder the normal movement of goods, (iii) social risks, such as the change in the perception of the Group or the industry by stakeholders, the emergence of infectious or contagious diseases, or labour disputes, (iv) governance risks, such as violation of laws or non-compliance with regulations or good governance recommendations, or risks resulting from tactical and strategic decisions that prevent achieving the business objectives, (v) technological risks, such as cyberattacks, collapse of critical infrastructures, industrial accidents or the fast evolution of technology, and (vi) the different environmental risks associated with natural disasters, climate change, the transition to a low – carbon economy and the interactions resulting from the human exploitation of the environment.

Notwithstanding this, the risks and uncertainties that could affect the forward-looking statements are difficult to predict. Except where the prevailing regulations require otherwise, the company assumes no obligation to publicly revise or update its forward-looking statements should any unexpected changes, events or circumstances affect them.

Annex II

Income statement: FY2023 quarterly results:

	2023 Quarterly results			
	Q1	**Q2**	**Q3**	**Q4**
Net sales	7,611	9,239	8,758	10,338
Cost of sales	(3,008)	(4,042)	(3,356)	(4,780)
Gross profit	**4,603**	**5,198**	**5,402**	**5,558**
	60.5 %	56.3 %	61.7 %	53.8 %
	34 bps	23 bps	153 bps	94 bps
Operating expenses	(2,398)	(2,718)	(2,617)	(3,120)
Other net operating income (losses)	(10)	(12)	(19)	(18)
Gross operating profit (EBITDA)	**2,195**	**2,467**	**2,767**	**2,421**
	28.8 %	26.7 %	31.6 %	23.4 %
Other results	-	-	-	-
Amortisation and depreciation	(712)	(786)	(739)	(804)
Operating income (EBIT)	**1,483**	**1,681**	**2,028**	**1,617**
	19.5 %	18.2 %	23.2 %	15.6 %
Financial results	10	44	(56)	(9)
Results from companies consolidated by equity method	12	22	14	24
Income before taxes (PBT)	**1,505**	**1,747**	**1,985**	**1,632**
	19.8 %	18.9 %	22.7 %	15.8 %
Taxes	(333)	(399)	(392)	(351)
Net income	**1,172**	**1,348**	**1,593**	**1,281**
	15.4 %	14.6 %	18.2 %	12.4 %
Minorities	**4**	**3**	**5**	**2**
Net income attributable to the controlling company	**1,168**	**1,345**	**1,588**	**1,279**
	15.3 %	14.6 %	18.1 %	12.4 %

Annex III

Detail of stores by concept and market as at 31 January 2024:

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ALBANIA	1	1	1	2	2	-	1	8
GERMANY	65	13	6	20	2	-	4	110
ANDORRA	2	1	1	1	1	1	1	8
SAUDI ARABIA	51	21	10	31	37	11	6	167
ALGERIA	3	3	1	4	4	2	3	20
ARGENTINA	11	-	-	-	-	-	-	11
ARMENIA	2	3	2	3	2	1	1	14
ARUBA	1	-	-	-	-	-	-	1
AUSTRALIA	17	-	-	-	-	-	-	17
AUSTRIA	11	4	1	8	-	-	2	26
AZERBAIJAN	3	2	3	3	2	1	-	14
BAHREIN	3	1	1	1	1	1	1	9
BELGIUM	27	8	14	14	3	3	6	75
BELARUS	2	2	1	3	3	1	1	13
BOSNIA	3	4	1	4	4	-	-	16
BRAZIL	45	-	-	-	-	-	8	53
BULGARIA	5	4	5	8	4	5	1	32
CAMBODIA	1	-	-	-	-	-	-	1
CANADA	32	-	3	-	-	-	-	35
CHILE	9	-	-	-	-	-	4	13
MAINLAND CHINA	96	-	48	-	-	25	23	192
HONG KONG SAR	12	-	-	1	-	-	2	15
MACAO SAR	1	-	-	-	-	-	1	2
TAIWAN, CHINA	9	3	4	3	-	-	2	21
CYPRUS	7	6	5	5	6	5	6	40
COLOMBIA	10	10	5	12	12	6	6	61
SOUTH KOREA	31	-	7	-	-	2	5	45
COSTA RICA	2	2	1	2	2	1	1	11
CROATIA	10	7	3	8	7	3	2	40
DENMARK	4	-	-	-	-	-	-	4
ECUADOR	2	3	1	3	3	1	-	13
EGYPT	10	7	6	7	5	5	5	45
EL SALVADOR	1	2	-	2	2	1	-	8
UAE	20	9	10	10	9	8	9	75
SLOVAKIA	3	4	2	6	4	1	1	21
SLOVENIA	4	2	1	4	4	-	-	15
SPAIN	261	173	117	160	237	115	94	1,157
UNITED STATES	99	-	-	-	-	-	-	99
ESTONIA	2	1	2	1	1	-	1	8
PHILIPPINES	9	3	2	6	4	-	-	24
FINLAND	4	-	1	-	-	-	-	5

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
FRANCE	112	39	7	53	35	5	15	266
GEORGIA	5	2	5	3	4	3	1	23
GREECE	40	22	12	26	21	17	9	147
GUATEMALA	3	3	1	3	3	1	1	15
NETHERLANDS	25	12	4	16	8	-	6	71
HONDURAS	2	2	1	2	2	1	1	11
HUNGARY	9	10	4	10	8	3	3	47
INDIA	22	-	3	-	-	-	-	25
INDONESIA	17	14	5	8	12	4	3	63
IRELAND	10	3	2	5	3	-	-	23
ICELAND	1	-	-	-	-	-	-	1
ISRAEL	25	23	2	14	14	-	2	80
ITALY	92	55	3	69	76	19	20	334
JAPAN	68	-	-	-	-	-	7	75
JORDAN	3	2	2	2	5	2	2	18
KAZAKHSTAN	5	5	4	6	5	5	4	34
KUWAIT	7	4	2	5	5	6	4	33
LATVIA	3	2	4	2	2	2	1	16
LEBANON	3	2	3	5	3	3	3	22
LITHUANIA	4	3	5	4	4	2	2	24
LUXEMBOURG	3	1	2	1	1	1	1	10
NORTH MACEDONIA REP.	2	2	2	2	2	1	1	12
MALAYSIA	8	4	5	-	-	-	-	17
MALTA	1	3	1	1	1	1	3	11
MOROCCO	13	3	3	4	5	3	4	35
MEXICO	82	73	41	70	60	46	27	399
MONACO	1	-	-	-	-	-	-	1
MONTENEGRO	1	1	-	1	1	-	-	4
NICARAGUA	1	1	-	1	1	-	-	4
NORWAY	5	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	1
OMAN	3	1	-	2	2	2	1	11
PANAMA	2	2	1	2	2	1	1	11
PARAGUAY	1	-	-	-	-	-	1	2
PERU	4	-	-	-	-	-	3	7
POLAND	40	34	24	43	46	18	11	216
PORTUGAL	72	46	38	42	43	22	23	286
PUERTO RICO	3	-	-	-	-	-	-	3
QATAR	7	5	5	5	5	5	5	37
UNITED KINGDOM	58	11	12	10	9	1	4	105
CZECH REPUBLIC	5	3	2	5	4	1	1	21
DOMINICAN REPUBLIC	3	1	1	2	2	2	2	13
ROMANIA	26	27	13	30	25	13	9	143
SERBIA	8	8	5	10	9	4	4	48
SINGAPORE	6	3	5	1	-	1	-	16

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
SOUTH AFRICA	7	-	-	-	-	-	-	7
SWEDEN	8	1	3	-	-	-	1	13
SWITZERLAND	18	4	4	6	1	1	2	36
THAILAND	11	2	4	1	-	1	2	21
TUNISIA	8	4	3	5	5	4	3	32
TÜRKIYE	40	31	25	31	30	29	15	201
UKRAINE	11	16	9	16	15	10	3	80
URUGUAY	2	-	-	-	-	-	2	4
VIETNAM	3	2	2	-	1	-	-	8
INDITEX	**1,811**	**791**	**544**	**856**	**841**	**439**	**410**	**5,692**

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INDITEX

Index

Message from the Chairperson

GRI 2-22; 3-3

Throughout 2023, Inditex once again demonstrated that a shared culture, based on hard work and an unwavering ambition to improve, is the most valuable asset a company can have. Our teams, their talent and their efforts day after day delivered solid growth across all our brands, earning the confidence of the millions of customers around the world and connecting us with more and more people every day.

Our purpose is to offer them products conceived of and made with the utmost attention to detail, beautiful designs and excellent materials. Products into which we pour a great sense of responsibility, also taking into account their social and environmental impact.

We do this by offering the best customer experience, which means making sure that when people visit us in person or online, we give them quality on a par with the confidence they place in us. We want our products, accessible to the large majority, to be appreciated for the personal touch and affection put into them by each of our designers, pattern makers, sales teams, buyers, suppliers and indeed our employees across all the areas that make our business possible. We believe firmly that our customers value this commitment, and we work tirelessly to honour this very special relationship.

We are as excited and unwilling to settle as ever. Those attributes are what have driven this company from a small workshop in Galicia to the global fashion retailer we are today. We want to do everything within our power to make a positive difference in the future. The magic that is Inditex pushes us to continue to do better so as to achieve more milestones and set ourselves new challenges which we are confident we will be able to overcome.

Marta Ortega Pérez.

CEO's statement

GRI 2-22; 3-3

Fashion is a personal selection we make every day to express our identities. It also reflects the social changes and trends unfolding in the world around us. At Inditex we are proud to make quality and affordable fashions for millions of people worldwide, helping them express their individuality, what moves them, what unites them. This Annual Report provides an account of Inditex's performance in 2023, our identity, our attention to detail to offer quality products that meet our customers' demands, while evidencing our own evolution and the progress we have made on transforming our sector.

The following chapters contain all the key figures for the year, which was characterised by sharp sales growth. Behind those figures, however, are the people who make Inditex what it is: without their dedication we would not be the company that we are. Our results primarily demonstrate primarily the good work done by our more than 161,000 professionals.

2023 was marked by significant complexity and instability. That is nothing new. Uncertainty has become the almost permanent status quo in which we have to carry out our businesses. Our strong corporate culture, the hallmarks of which include careful decision making, committed professionals, being nimble and thinking outside the box, sets us apart and give us an edge in these times. It allows us to continue to bring the beauty that is fashion to millions of people.

Solid earnings performance

In recent years we have continued to cement our position as a benchmark in fashion retailing, honouring all of the commitments assumed by our stakeholders, as set out in this report, which has translated into an impressive earnings performance.

Consolidated revenue registered year-on-year growth of over 10%, driven not only by the creativity, sensitivity and merit of our design and product teams, but also the mutual support provided by our physical stores and online platforms to provide our customers with memorable experiences. In 2023, the Group's websites received over 6.5 billion visits. That means that our brands' online stores welcome over 18 million visits on average per day.

Astute management of that healthy topline growth materialised in a noteworthy gross margin and rigorous control of operating expenses. As a result, net profit came in 30% above that of 2022 and our net cash position topped the €11 billion mark.

These are very good results. But we know that the future is not a given. Our spirit is restless and requires us to constantly think outside the box. As a result, throughout 2023 we continued to innovate: we continued to make our physical stores increasingly attractive and search for new ways to reach our customers; and we continued to fine-tune our online shopping experience. And while we worked on our most visible interfaces, we also reinforced our inner workings, shoring up our logistics and distribution networks. We plan to continue to invest in these areas as they are vital to supporting our company's ongoing growth.

Our sustainability ambitions

This report demonstrates just how much effort was put into sustainability advances in 2023. The strength of that commitment is borne out by our decision to set ourselves ambitious targets for driving an increasingly sustainable and more circular value chain throughout our company and beyond. Those targets are the new framework for engaging with the various players in our value chain.

In 2030, 100% of the fibres used by Inditex will have a smaller impact on the environment: they will be fibres that expert organisations such as the Textile Exchange term 'preferred' fibres. More specifically, around 40% of the fibres used by our brands will be the result of conventional recycling processes; around 25% will be next-generation fibres (that do not currently exist, or at least not at an industrial scale); and 25% will hail from organic or regenerative farming practices.

Last year we also culminated the roll-out in 16 markets of Zara Pre-owned, our platform for the repair, customer-to-customer resale and donation of used clothing with which we are lengthening the useful life of our products and helping our customers give their clothing a new life, actively contributing to industry circularity. We are already working to bring that platform to other major markets for the brand.

In 2023 we informed the Science Based Targets initiative of our intention to reduce our emissions by over 50% by 2030, going on to achieve net zero emissions by 2040.

Our people

Caring for our people and their wellbeing was a priority for us once again, as was our unwavering desire to allow them to realise their full potential. In 2023 we covered 72% of our vacancies through internal promotion, provided over two and half million hours of training to our teams and involved more than 2,200 employees in internally communicating our sustainability strategy.

At Inditex we are very aware that the diversity of our teams is a tremendous source of innovation and creativity. We have people of 174 different nationalities within our team, diverse people from a myriad of backgrounds (creative, commercial, technical) all working together. In parallel, we bolstered our workforce integration programme, hiring more than 1,800 people from vulnerable groups in 18 markets. I believe, however, that in this area principles count more than numbers in that we are committed to fostering equal opportunities and take a zero-tolerance stance towards any form of discrimination.

Our community commitment

Our Group's responsibility goes beyond our stores and value chain in an effort to generate positive impacts on our broader business communities. Our community investment programmes remain fundamental tools for contributing to development in the societies and geographies in which we do business. In 2023 we supported 910 social and environmental initiatives through partnerships with 476 community organisations, prioritising strategic, long-term projects. In addition, our people have dedicated more than 338,000 hours to community projects.

With these initiatives, we directly benefitted more than 4.3 million people. At the same time, we worked to protect, restore and regenerate 5 million hectares globally for biodiversity enhancement purposes.

We continued to reinforce our commitment to the United Nations Guiding Principles on Business and Human Rights and to the Global Compact and its Sustainable Development Goals. Over the coming pages we attempt to provide an account of the progress made in all of these areas, ensuring the integrity of the data reported and upholding, in our concluding sections, the principles of the Integrated Reporting framework.

It would be remiss of me to sign off without referring to one of our greatest strengths. In a world in which everything seems to be changing quickly, Inditex boasts solid roots and a shareholder and financial structure that allows us to set our sights – truly – on the long term. Our stability is what allows us to be extraordinarily flexible and nimble when required of us by the market environment or our customers. With more investment, more innovation and doubling down on what we truly believe in, here at Inditex we are ready to continue to thrive among change.

Óscar García Maceiras

CEO

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Inditex at a glance

3.1. Global footprint and key data in 2023

Key indicators

213
markets

35,947 M€
net sales

5,381 M€
profit

11,406 M€
net financial position

3,736 M€
dividends

8,680 M€
total tax contribution

A unique team

161,281
people in our teams

174
nationalities

74%
women

30.6
average age

+2,200
Changemakers
(in-house sustainability ambassadors)

72%
of vacancies covered by internal promotion

Headquarters effect

6,636
Product and general services suppliers in Spain

6,899 M€
invoicing to suppliers in Spain

Supply Chain

8,123
factories

1,461,255
beneficiaries by Workers at the Centre

1,733
suppliers

Community investment

+112 M€
investment

+4 M
beneficiaries

8.9 M
donated items from our collections

Circularity

16
markets with Zara Pre-Owned

Website visits

18 M
daily visitors to the Group's online stores

3.2. 2023 milestones

FEBRUARY

Massimo Dutti Studio Man

The brand reasserts its fashion concept through the launch of the Studio Collection for men. This new line, the women's version of which was unveiled a year earlier, elevates and reinvents the most iconic garments with an architecture-inspired approach.

MARCH

Oysho disembarks in the UK

The company opens its first physical store in the UK, located in the Westfield London shopping centre in Shepherd's Bush.

APRIL

The Circ x Zara Collection

Zara launches the first collection made by recycling blended textiles using Circ's innovative technology. Inditex acquired a stake in this startup last year as part of its commitment to fostering circularity.

MAY

TRUE certification

Pull&Bear obtains TRUE Platinum certification for its zero waste management at its headquarters and logistics platforms, making it the world's first retailer to obtain the category. Other headquarters and logistics centres of our brands obtained the TRUE distinction during the year.

JUNE

Inditex and Jeanologia develop Air Fiber Washer

This innovative industrial air extraction system reduces microfibre shedding by up to 60% in the first few washes, without using water or thermal energy, and without compromising fabric quality.

JULY

We increase our ambition in sustainability

The Inditex Group presents its new sustainability targets through 2040, based on innovation and collaboration. The Company undertakes to endeavour to respond to market demands with products whose manufacturing has a lower impact, advancing towards circularity and net-zero emissions.

AUGUST

The second Zara Home + By Vicent Van Duysen Collection

For this new collection, Van Duysen revisits some of his most emblematic creations and shapes. These pieces perfectly complement the furniture that featured in the first launch: versatile and timeless designs in carefully selected woods, textures and materials, with exquisite finishes.

SEPTEMBER

Bershka unveils store image in Milan

Bershka reopens one of its bellwether stores in the centre of Milan, the city of fashion. Bershka Corso Vittorio Emanuele II, one of the brand's most prestigious flagship stores, is the first to embody the new store concept designed by the renowned OMA studio.

OCTOBER

Agreements with Ambercycle and Circular Systems

Inditex enhances strategic partnerships with the most innovative startups in lower environmental impact fibres by acquiring cycora® from Ambercycle and the launch by Zara Home of a capsule collection made with the Agraloop™ BioFibre™ generated from hemp by Circular Systems.

NOVEMBER

The first Stradivarius store in Germany

The brand opens its first physical store in Germany, where it previously had an online presence. Located in Stuttgart, this store heralds the start of the brand's expansion in the German market.

DECEMBER

Zara Pre-Owned

The platform that allows the brand's customers to actively contribute to the circularity of their used clothing is now available in 16 markets. The platform offers repair services, sales between individuals and garment donation services.

JANUARY

Consolidation of our employment insertion programme

Salta, the initiative whereby Inditex provides access to the labour market for vulnerable groups, has exceeded 1,800 hirings in 18 markets. Canada, Kazakhstan and Croatia are the latest to have joined the programme.

3.3. Recognitions

Our relationship with trade unions, NGOs, governments and other civil organisations is fluid, continuous and key to implementing our sustainable business model. Their recognition over the course of 2023 for our work on various environmental and social aspects is an incentive to continue to make progress.

Bloomberg Gender-Equality Index 2023

Inditex is recognised –for the fourth consecutive year– as one of the world's most committed companies to gender equality. More than 484 companies from 54 different sectors and more than 45 countries around the world are part of the Bloomberg´s Gender Equality Index (GEI) 2023.

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

In 2023, CDP distinguished Inditex with an A rating for efforts to fight climate change, as well as the quality of the information it publishes and its performance on this front.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Inditex, included in the DJSI World and DJSI Europe, was awarded in the Global Corporate Sustainability Assessment 2023 from S&P Global with a total of 68 points out of 100, as published in the 2024 Yearbook on 7 February 2024. This performance earned Inditex a score in the 99th percentile in the retail sector.

FINANCIAL TIMES

For the fifth time, in 2023 the Financial Times' Diversity Leaders ranking included Inditex in its list of Europe's most inclusive companies. This time around, the Group significantly improved its place in the ranking, from 299th to 44th.

The British financial daily newspaper has again included Inditex in its Europe's Climate Leaders 2023 edition, which highlights companies that have concentrated their efforts on reducing greenhouse gas emissions.

Forbes

The Forbes Global 2000 list once again includes Inditex among the global companies selected. This annual ranking evaluates listed companies on the bases of sales, profits, assets and market value. In this edition the Group has achieved the 274th position.

Furthermore, Inditex is also spotlighted in Forbes' World's Top Companies for Women and World's Best Employers lists.

FTSE4Good

Inditex receives a score of 4.6 out of 5 in the FTSE4Good sustainability index 2023. This stock index ranks companies that demonstrate robust environmental, social and governance (ESG) practices.

merco

In 2023, Inditex leads the ranking of companies with the best reputation in Spain –Merco Empresas–.

Furthermore, for the twelfth consecutive year, Inditex topped the Merco Talento ranking, which recognises firms that best attract and retain talent.

Interbrand Best Global Brands 2023

Our flagship brand, Zara, once again features among Interbrand's prestigious Best Global Brands. In this edition, brand value is recognised as having increased by 10%, boosting Zara to 43rd place.

universum

Most Attractive Employers

For yet another year, Universum has included Inditex among the best companies in which to develop professionally in Spain. In this latest edition, university students chose Inditex in various categories, such as Technology, Business and Law.

Globally, Zara has been included for the third time in Universum World's Most Attractive Employers ranking, and has scaled from 52nd to 40th.

Newsweek WORLD'S MOST TRUSTWORTHY COMPANIES 2023

Inditex appears in Newsweek's list of the World's Most Trustworthy Companies. Specifically, the Company is ranked seventh in its sector.

BME X a SIX company

ÍNDICE IBEX GENDER EQUALITY

Inditex has featured in this index, which recognises the listed Spanish companies with the most women serving on their Boards of Directors and in senior management positions, since its creation in 2021.

FORTUNE

Our Group is included in the first ever edition of the Fortune 500 Europe list, which ranks the largest European companies by revenue. This list includes companies from 24 different countries across the region.

Inditex has debuted in the Fortune World's Most Admired Companies™, placing 167th in the general index.

3.4. Retail concepts

GRI 2-6

Zara

One of the highlights of the year was unquestionably the Zara Steven Meisel New York Collection, in which the iconic photographer helped design a unique collection that embodies his personal style. The capsule, which included garments and accessories with a seductive touch for women and men, was accompanied by 26 portraits of people who are now ineluctably and forever linked to his background and career as a photographer. Naturally, these personalities include his alter ego, Linda Evangelista, along other models, friends and associates.

Notable collections include Barbie x Zara. Its eye-catching garments, inspired by the Barbie film, became part of the global phenomenon that turned all the trends pink. Representation of women who make their own way was further strengthened by Thirteen Pieces, a collection with a compelling personality comprising 13 timeless garments that convey simplicity and elegance. The strength of this collection is patent in the images featuring the actress Ángela Molina.

Another very characteristic style, this time by British stylist Harry Lambert, was showcased in Zara Man's Cutie Chaos collection, a line full of vintage references, and with the use of lower impact fibres as the cornerstone and main objective of the collection. Cutie Chaos was made of fabrics containing recycled raw materials such as recycled wool, polyester, polyamide and cotton.

Glitter in Gold, Make-Up for your Hair was Zara Beauty's début in hair products, a launch compiled, curated and designed in collaboration with creative director and stylist Guido Palau. To present this collection, Palau featured in a series of videos accompanied by Kaia Gerber.

In collaboration with the textile recycling company Circ, Zara moved a step further towards circularity in the fashion industry by launching the very first collection made with fabrics recycled from blended polyester and cotton textile waste. The separation of fibres is precisely one of the biggest challenges in textile recycling, so this technological breakthrough is a milestone for change in the sector. This year, Zara commenced the expansion of its Pre-Owned platform, aimed at helping customers to lengthen the useful lives of their garments through repairs, sales among individual customers of their Zara garments from any season, and donations. After its debut in the United Kingdom in 2022, Zara Pre-Owned has been activated in new European markets, currently reaching a total of 16.

During 2023, Zara launched its retail operations in Cambodia and continued its store openings in such emblematic locations as Paris (Champs-Elysées), São Paulo (Higienópolis), Dubai (Mall of Emirates), Miami (Dadeland) and Seville (Plaza del Duque), among others. In its ongoing quest for innovative initiatives to offer the best customer experience, in 2023 Zara launched a livestream programme on the Chinese platform Douyin, with a five-hour broadcast including catwalks, fitting room and make-up area tours, and behind-the-scenes views of the teams.

26,050
million euros in net sales

142.9
million followers in social media

4,613
million visits to the website

Pull&Bear

Music, rebranding, sports and augmented reality have been the focuses of Pull&Bear's commercial activity in 2023. One of the year's main novelties was the rebranding of the Pull&Bear logo, and the refurbishment of its stores, which present an unprecedented image in the latest openings in prime locations such as Gran Vía (Madrid) or Via Torino (Milan).

The brand has further cemented its collaboration with one of the foremost music festivals on the international scene, Primavera Sound. Pull&Bear has designed an exclusive collection and concept called The Vision, making its presence one of the most important in both its editions, in Barcelona and Madrid.

Continuing to pursue its commitment to music, digital innovation is provided by Sen Senra, the Spanish artist who starred in the augmented reality Live Show during the store opening in the Spanish capital. The headline collections featured two international celebrities: the singer Tini and the actress Valentina Zenere.

Notable collaborations include the sports partnership with brands such as Russell Athletic and Airwalk, a new snow collection with Spyder, and a firm commitment to denim alongside Wrangler.

Lastly, sustainability is another of the major milestones in the year, with the award of TRUE Platinum certification for its zero waste management at its headquarters and logistics platforms, becoming the first Inditex centre to achieve it and the first retailer worldwide to be awarded the Platinum category.

2,359
million euros in net sales

17.1
million followers in social media

484
million visits to the website

Massimo Dutti

The brand presented its first men's Studio line with a collection made for a contemporary urban lifestyle. The most iconic garments of the men's wardrobe were reinvented in the new Massimo Dutti Studio Collection. Selected materials and fabrics and an architecture-inspired approach yield modern silhouettes. The campaign is presented in three distinct chapters —each with its own identity— with the aim of promoting the collection and maximising its impact, in physical and online channels alike.

In addition, Massimo Dutti undertook a new creative challenge starring three cultural and fashion icons: Charlotte Rampling, Lila Moss and Alaato Jazyper. A tribute to heritage and tradition through pieces that are the experiential embodiment of Massimo Dutti's soul. Pieces that stand the test of time.

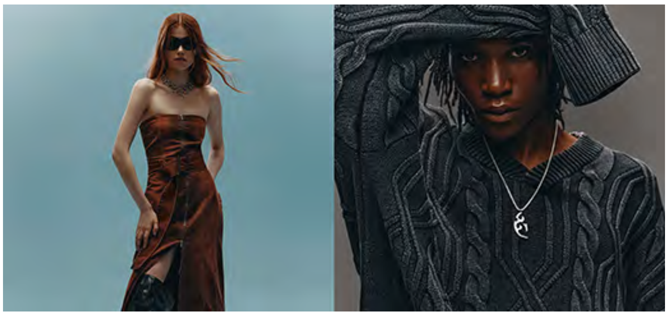
The brand remains committed to art and creativity. Through its ArtInProgress project, it carries out the Art Tour initiative, in which this year five artists presented their works at the reopenings of Massimo Dutti's flagship stores in Brussels, Vienna, Zurich, Paris and London.

1,839
million euros in net sales

17.0
million followers in social media

259
million visits to the website

Bershka



The firm marked its 25th anniversary with milestones such as the revamping of its logo and website, the launch of the Generation Bershka collection and the perfume created expressly for the occasion, and the reopening of Bershka Corso Vittorio Emanuele II, in Milan, one of its most prestigious flagship stores, in collaboration with renowned architectural studio OMA.

Bershka's close ties with the music scene are at the fore in a global collaboration with DICE, the ticketing platform for generation Z, or in special collections such as the capsule created with Bizarrap. The digital trend continues to expand, with the Phygital (physical + digital) Wearable Art collections in collaboration with ffface.me, digital fitting rooms powered by Snapchat technology, which includes digital garments and accessories. The Bershka website also features a virtual footwear fitting room.

The brand continues to support emerging talent and works with Spanish designer Pepa Salazar and Barcelona-based clothing brand Ssstufff.

2,621
million euros in net sales

32.8
million followers in social media

462
million visits to the website

Stradivarius

More than 5,000 visitors to Casa Stradivarius, a temporary installation located in Madrid's Palacio de Santa Bárbara, were able to touch and experience the brand in an ephemeral way through activities that included the co-creation of a new perfume by the firm, along with concerts, sports and talks about content creation.

Interaction with the brand also takes centre stage in stores such as the new flagship store on Barcelona's Paseo de Gracia. Located in a 1919 building, former headquarters of the Central Bank, combines the new WAVE store image with original architectural elements of great interest, such as the former vault now used to collect online purchases. Another highlight is the Fragrance Lab, an interactive space where customers can discover the brand's fragrances.

In its Icons Collection, Stradivarius pays tribute to the garments and professionals who have shaped fashion, such as Esther Cañadas, Joan Smalls and Luna Bijl, stars of the campaign.

Its first store openings in Germany (Stuttgart and Dresden) signal the start of the brand's expansion in this market.

2,334
million euros in net sales

15.3
million followers in social media

438
million visits to the website

Oysho

Oysho further cements its commitment to sport in its latest openings. The brand has opened stores in White City London, Brussels, Galataport Istanbul and Gran Vía Madrid, presenting a renewed image that highlights the products' technical features and innovation.

With regard to the collections, we highlight the Racket Sports Collection for sports such as tennis, padel and badminton; the Mountain Collection for hiking and trekking; the Ski Collection, which has been expanded and now includes new materials and innovative technologies, including the collaboration of well-known makers of technical insulation like Minardi Piume Company, 3M Thinsulate™ and Primaloft®.

As part of its commitment to sustainability, Oysho has launched a collection of compression leggings made from recycled polyamide, using materials from old tyres in its production.

Oysho's determination to boost women's sport is even stronger and the brand has become a title partner and technical sponsor of the Queens League Oysho, the new women's 7-a-side football league.

744
million euros in net sales

11.0
million followers in social media

100
million visits to the website

Zara Home[2]

The collaboration between the brand and the Belgian architect and designer Vincent Van Duysen, which commenced last year, has been continued in a new collection with pieces for the table and dining room. A pop-up store located in A Coruña offered visitors the chance to discover the 01 and 02 collections in an exhibition of their most iconic pieces.

In Cabana x Zara Home, the brand was inspired by the far-off lands and decorative treasures that adorn the pages of the popular collectible Cabana Magazine, with its unmatched evocation of the pleasure of travel, the spirit of adventure and culture.

Zara Home's online store in Brazil was launched along with the reopening of its refurbished flagship store in the Shopping Iguatemi mall in São Paulo. Also notable was the reopening of one of the brand's leading flagship stores: Zara Home Hermosilla, in Madrid.

15.3
million followers in social media

164
million visits to the website

[2] Sales at Zara Home are reported consolidated with those of Zara.

4

About this report

How we report

GRI 2-2; 2-3; 2-5; 2-14

Through the **2023 Statement on Non-Financial Information**, we present the information related to the performance of the Inditex Group (hereinafter also, the 'Group', the 'Inditex Group' or the 'Company') in financial year 2023 (from 1 February 2023 to 31 January 2024). In it, we provide truthful, relevant and accurate information on our accountability for the year 2023, as well as our objectives, progress and initiatives in the year. Accordingly, we present our Annual Report 2023, including the Inditex Group's Consolidated Annual Accounts, followed by the Integrated Management Report, also comprising the Statement on Non-Financial Information (SNFI).

The scope of the information reported herein includes all the companies over which Inditex has control or joint control listed in *Annex I* of the Consolidated Annual Accounts (any variations in comparison with those of 2022 are specified in *Note 3* of the Consolidated Annual Accounts). Relevant information is also provided on the Company's supply chain, made up of suppliers and manufacturers of the Inditex Group.

The Statement on Non-Financial Information was prepared by the Board of Directors of Inditex, following the favourable report by the Audit and Compliance Committee and the Sustainability Committee, both of which are responsible for the verification and supervision of the information included in it, each in their respective areas of competence. The SNFI has also been endorsed by Inditex's Social Advisory Board (the Group's external advisory body on sustainability matters, consisting of independent external members). It will subsequently be submitted to the Group's Annual General Meeting to be examined and, in the event, approval as a separate item on the agenda.

Act 11/2018 of 28 December, which entered into force in 2018, amends the Code of Commerce, the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Statutory Audit, as regards non-financial information and diversity (hereinafter, Act 11/2018), which supersedes Royal Decree Law 18/2017, of 24 November which transposed Directive 2014/95/EU of the European Parliament and of the Council, regarding disclosure of non-financial information and information on diversity into the Spanish legal system.

Through the Statement on Non-Financial Information, we fulfil the legislative requirements pursuant to Act 11/2018 on non-financial reporting and diversity, as well as the European Union Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment), and amending Regulation (EU) 2019/2088.

The provisions of said Act 11/2018 require that certain undertakings, including Inditex, are obliged to prepare a Statement on Non-Financial Information, which must be included in the Directors' Report or in a separate report corresponding to the same financial year. The SNFI contents must include, among other matters, the necessary information to understand the performance, results and situation of the Group and the impact of its activities in respect of environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as matters regarding the workforce. It must also include, if applicable, such measures taken by the company to promote equal treatment and equal opportunities between women and men, non-discrimination, inclusion of people with disabilities and universal accessibility.

Moreover, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes the requirement to provide information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable, and the proportion of their turnover, investments in fixed assets and operating expenditure associated with these environmentally sustainable activities. This regulation is mandatory for certain companies, including Inditex, which consolidates the report of this information in section *9.1.1. European Taxonomy of Sustainable Activities.*

In addition, at Inditex we are working to align our reporting with the new EU Corporate Sustainability Reporting Directive (CSRD). This new European Directive aims to standardise the sustainability information disclosed by companies, placing sustainability reporting on an equal footing with financial reporting, as well as addressing the information requirements of the different stakeholders.

Against this backdrop, we are in the process of analysing the level of disclosure required under the new European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), which establishes the common framework for reporting. The widespread adoption of these standards will enhance transparency and comparability between the sustainability reports, giving the market greater clarity.

Voluntary reporting frameworks, principles and standards

In addition to responding to those legislative requirements that apply to Inditex, we also follow the guidelines of the main reporting initiatives and entities:

/ GRI Sustainability Reporting Standards (GRI Standards).

/ The Principles of the United Nations Global Compact.

/ AA1000 Accountability Principles (2018).

/ Principles of the Sustainability Accounting Standards Board (SASB) framework.

/ The principles of the International Integrated Reporting Framework.

/ Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

/ Guide entitled Business Reporting on the SDGs: An Analysis of Goals and Targets, compiled by the Action Platform for Reporting on the Sustainable Development Goals.

/ Recommendations of the European Securities and Markets Authority (ESMA): European common enforcement priorities for annual financial reports.

/ Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

The Inditex Group's SNFI follows the criteria set forth in the **Integrated Reporting Framework;** compiled by the International Integrated Reporting Council (IIRC), which in 2022 joined the International Financial Reporting Standards Foundation (IFRS Foundation). Inditex is a member of the IFRS Sustainability Alliance, and has followed its principles since the initiative began, having taken part in the IIRC's pilot edition in 2011.

Furthermore, this Report has been prepared in accordance with the latest edition of the Global Reporting Initiative (GRI) Standards: **GRI Universal Standards 2021.** This international framework is cited in article 49.6.e) of the Commercial Code introduced by the aforementioned Act 11/2018.

Since 2007, we have followed the GRI standards and are members of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.

The contents to be included in the Statement on Non-Financial Information have been determined on the basis of the materiality exercise we conducted using a double materiality approach. We carried out this analysis in accordance with the guidance provided by the European Financial Reporting Advisory Group (EFRAG), published in the European Sustainability Reporting Standards (ESRS), to support implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD). We also follow the recommendations outlined by the Global Reporting Initiative in its GRI 3: Material topics 2021, as a reference.

ⓘ More information in section _5.3.2. Materiality analysis_ of this Report.

To facilitate navigation and as a reference for readers, we include a GRI Content Index in this Report. Accordingly, Inditex has prepared the report in accordance with the GRI Standards for the period from 1 February 2023 to 31 January 2024.

Since 2001 we have been participants in the United Nations Global Compact. As part of our commitment to this international initiative, which promotes the implementation of the 10 **Principles of the United Nations Global Compact** in the areas of human rights, labour, environment and fight against corruption, we annually respond to the Communication on Progress (COP). Furthermore, in the GRI Content Index, we also collect information on the different section of the SNFI that would be related to each of these principles.

In preparing this Report we also used the **Sustainability Accounting Standards Board (SASB)** reporting framework as a reference. Specifically, we followed the guidelines of the version of the Apparel, Accessories and Footwear sector standard updated in June 2023, and have included an SASB reference table listing the disclosures and metrics related to this standard. In 2022, the International Financial Reporting Standards Foundation (IFRS Foundation) assumed responsibility for the SASB, which is overseen by the International Sustainability Standards Board (ISSB).

ⓘ More information in section _9.2.2. SASB reference table_ of this Report.

Regarding the reporting information on climate change risks and opportunities, this report includes a specific chapter whose structure matches the four blocks described by the **Task Force on Climate Related Financial Disclosures (TCFD)**: Governance, Strategy, Risk Management, Metrics and Goals. At Inditex we follow the TCFD's recommendations for reporting this information.

ⓘ More information in section *6.1.6. Risks and opportunities arising from climate change* of this Report.

Furthermore, for the last seven years we have been using the guide **Business Reporting on the SDGs: An Analysis of Goals and Targets,** developed by the Action Platform for Reporting on the Sustainable Development Goals, a platform organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), to which Inditex has belonged since its inception and which came to an end in 2020. Accordingly, our Report also includes accurate information on our contribution to the United Nations Sustainable Development Goals (SDGs).

ⓘ More information in section *9.1.5. Inditex's contribution to the SDGs. Main indicators* of this Report.

Lastly, as a relevant aspect in the preparation of integrated reports, we have considered the recommendations of the **European Securities and Markets Authority (ESMA),** published in its report **European common enforcement priorities for 2023 annual financial reports.** This year, the priorities for non-financial information have focused mainly on EU Taxonomy reporting and on the disclosure of information on climate targets and scope 3 emissions. Information on the above is provided throughout this Integrated Report. Moreover, it has also been prepared with reference to the recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU 2019/C209/01 Supplement on reporting climate-related information.

Non-financial information control system

To ensure that the information included in the SNFI is truthful and accurate, and that it also meets the expectations of our stakeholders in terms of its reliability and robustness, at Inditex we have implemented an Internal Control System of Non-Financial Reporting (ICNFR). The purpose of this system is to provide reasonable security concerning the reliability of the information included in our SNFI. Therefore, the ICNFR mainly entails control activities on the processes of obtaining the information and monitoring activities of the key indicators included in the SNFI (the scope of which is defined annually taking into account qualitative and quantitative criteria as well as the results of the materiality analysis).

The Group's ICNFR has been developed in line with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) international standard for internal control. As part of our drive for continuous improvement, it has been enriched and provided with more exhaustive controls year after year, a process that will continue to be developed in future years.

External assurance

The information disclosed in the Statement on Non-Financial Information has been subject to verification by an independent third-party, Ernst & Young. The scope and results of this independent verification are described in the Verification Report attached in section 10 of this Report. This report has been reviewed in accordance with the revised International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information, and with Guideline no. 47 on attestation engagements of the Statement on Non-financial Information issued by the *Instituto de Censores Jurados de Cuentas* (Institute of Certified Public Accountants) of Spain. Based on these two standards, in addition to the review carried out of the contents required by Act 11/2018, a selection of 42 disclosures from the GRI Standards have been reviewed. These disclosures were selected based on the materiality analysis performed by Inditex annually with its stakeholders. These disclosures are listed in the GRI index alongside the symbol: ☑

We report in accordance with the GRI Standards and the outcome of the verification corroborates that the declared GRI Standards application option is appropriate.

ⓘ More information in section *10. Independent Verification Report* of this Report.

Methodology for calculating the indicators included in the Statement on Non-Financial Information

In order to improve understanding and guarantee greater transparency, a methodological explanation for each indicator has been incorporated throughout the document. This explanation addresses several aspects, such as the scope of the indicator, the nature of the data used, the calculation or estimation criteria, and, if any, the corresponding exclusions. Special attention has been paid to including this explanation in the indicators whose calculation process is not obvious, with the aim of facilitating the understanding of how the results presented have been reached.

Scope of the environmental indicators

The environmental indicator system includes data obtained between 1 February 2023 and 31 January 2024. The scope of the indicators includes the Inditex Group's own facilities, specifically:

/ The headquarters in Arteixo (A Coruña) and all the retail concepts' headquarters: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Tempe, all of them located in Spain.

/ All the Group's own factories, located in Spain.

/ All the Group's logistics centres.

/ All the Group's own stores.

Indicators where the scope differs are shown alongside the corresponding data.

With regard to environmental indicators that apply to our value chain, e.g. scope 3 emissions or supply chain water consumption, the specific scope is provided in the indicator itself.

Environmental performance in absolute and relative terms for environmental indicators

The data from the environmental indicator system are shown in absolute and relative terms, calculating the latter based on the square meters of surface of our facilities and based on net sales, in order to represent the efficiency achieved after the company's activities and the continuous improvement derived from the management. Relative indicators are calculated using the following formula:

/ Ratio per square metre (m^2) = absolute figure for the year/total surface area in m^2

/ Ratio by net sales[3] = absolute value for the year/sales (€)

Disclaimer

In the current context, the metrics, models and methods of calculation used by companies to report sustainability information have, generally speaking, been introduced recently and are evolving rapidly, adapting to the different reporting frameworks and regulatory developments. Accordingly, the availability of information, together with methodological consistency and the possibility of comparing information year-on-year are among the challenges that companies are currently facing.

Over the next years, the development of harmonised standards together with sector-specific application guidelines can be expected to facilitate the reporting of sustainability information to the market and stakeholders. Combined with the development of data systems and models, this will enhance reporting and comparability between companies.

General information on sustainability

A number of calculations, estimates and assumptions, as well as future projections, were made in preparing the Statement on Non-Financial Information. With regard to these future projections, the information and objectives concerning sustainability included in this document entail a high degree of uncertainty and inherent risk.

The reported information on sustainability indicators comprises a combination of primary and secondary data. When source data are not available, estimates or assumptions based on trends in actual data, as well as information from external sources, are used. For indicators that require so, clarifications on the methodology and/or scope of the information reported have been included.

Consequently, it should be noted that the methodologies currently used in the reporting and calculation of sustainability indicators will continue to evolve going forward. Hence, as we move towards globally harmonised reporting, it may be necessary to restate historical data as well as future pathways in the next few years.

[3] Includes sales in our own physical stores and online.

Information relating to climate risks

With specific regard to climate-related information, the identification and assessment of physical and transition climate risks are subject to numerous uncertainties, arising, among other things, from the complexity of anticipating how the climate may evolve. These uncertainties mean that the data contained in this Report may be inaccurate in the future, depending on how the climate evolves and on the scientific consensus regarding the process of climate change. Such data therefore represent the best estimate that can be made using existing climate information and models.

Climate modelling is therefore a complex discipline that is exposed to three main uncertainties: natural climate variability, how accurate the climate model turns out to be, and how accurate the emissions scenario proves to be. Climate scenarios are not forecasts, predictions or sensitivity analyses, but hypothetical constructions of plausible future situations based on science, aimed at assessing the resilience of a company's assets, business model and strategy to such scenarios.

Bearing uncertainties and our business activity in mind, Inditex has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could play a significant role in terms of the net assets, the financial situation and results of the Company. For this reason, we do not include specific breakdowns.

ⓘ More information in *Note 32* of the Consolidated Annual Accounts.

Further considerations

The statements contained in this document reflect the Company's current views with respect to future projections. By their nature are subject to risks and uncertainties that could cause the final outcomes to be significantly different from what the forward-looking statements state or suggest.

Against this backdrop, sustainability commitments and targets have not been affected by the sale and subsequent franchise of the business in Argentina and Uruguay, nor by the situation between Russia and Ukraine, and progress continued to be made as planned during the year. Operations in Ukraine remain suspended at the time of preparation of this Report, although they are scheduled to be gradually reopened from April 2024. Where any specific indicator has been affected as a result of the conjunctural circumstances of this year, its performance is detailed separately in the relevant section of this Report.

5

About Inditex

5.1. Corporate governance

Material topic: Good governance and integrity

5.1.1. Good corporate governance

GRI 2-9; 2-10; 2-11; 2-12; 2-13; 2-16; 2-17; 2-18; 2-19; 2-20; 2-21; 2-23; 2-24; 3-3; 201-3; 405-1; 405-2

Inditex Board of Directors ensures **compliance of the Company with its social and ethical duties,** its duty to act in good faith in its relations with employees and with third parties, and to ensure the balance of power and the respect and equality among all our shareholders, especially minority shareholders.

Inditex has a Corporate Governance System comprising a series of bodies, rules, procedures and mechanisms to guarantee that the directors and the management team, who are responsible for the governance of the Company, carry out their duties in a **diligent, ethical and transparent** manner and are accountable for their activity—which is subject to verification and control, both internal and external—and, at the same time, that no person or small group of persons holds decision-making power within the Company that is not subject to checks and balances, and that no shareholder receives privileged treatment over the others.

Furthermore, the Board performs its duties in accordance with the corporate interest, meaning the **viability and long-term maximisation of the value of the Company in the common interest,** not only of all our shareholders, but also of all our stakeholders, whose legitimate interests, public or private, converge in the course of our business activity, and especially those of our employees, customers and suppliers, the environment and the civil society at large.

To achieve these objectives, applicable legislative developments and recommendations are implemented and good corporate governance practices are systematically strengthened in respect of the main body tasked with overseeing corporate governance: the Board of Directors and its Committees. Upon approving and/or amending any internal regulation, priority is given to establishing standards that improve governance and, therefore, the confidence of investors, shareholders and other stakeholders.

Inditex's Corporate Governance System achieves full compliance with the regulatory requirements set forth in the applicable legislation, and adherence to the recommendations outlined in the Good Governance Code (GGC) of the Spanish National Securities Market Commission (CNMV).

5.1.1.1. Organisation and operation of the governing bodies

Governing Bodies

Inditex's Annual General Meeting

Ms Marta Ortega Pérez
Non-executive Chair

Mr José Arnau Sierra
Deputy Chair

Mr Óscar García Maceiras
Chief Executive Officer

Mr Amancio Ortega Gaona
Founder - Proprietary Director

Pontegadea Inversiones, S.L.
(Ms Flora Pérez Marcote)
Proprietary Director

Board of Directors

Ms Pilar López Álvarez
Independent Director

Ms Anne Lange
Independent Director

Mr José Luis Durán Schulz
Independent Director

Mr Rodrigo Echenique Gordillo
Lead Independent Director

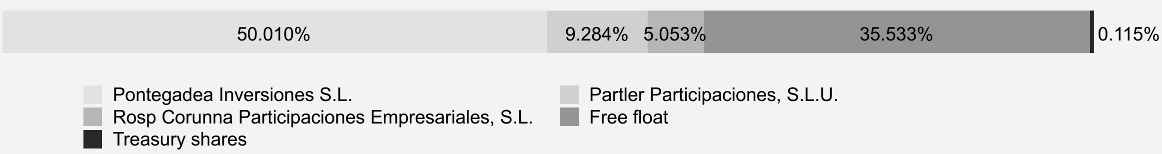
Bns. Denise Patricia Kingsmill
Independent Director

Mr Javier Monteoliva Díaz
Secretary non-member

Executive Committee

Audit and Compliance Committee	Nomination Committee	Remuneration Committee	Sustainability Committee

Inditex shareholder structure[4]



[4] For these purposes, the 0.0046% of the share capital owned by the directors of Inditex (see section A.3. of the *Annual Corporate Governance Report*), other than the controlling shareholder, is not included as part of the free float, in accordance with the criteria established by CNMV.

Inditex's 2023 Annual General Meeting (hereinafter, also '2023 AGM') was held on 11 July in hybrid format, with in-person and remote attendance and participation. Among other resolutions, the meeting approved the re-election of the founder and majority shareholder, Mr. Amancio Ortega Gaona, as a proprietary director, and Mr. José Luis Durán Schulz as an external independent director.

Likewise, in the context of the departure of Mr. Emilio Saracho Rodríguez de Torres, designated 'affiliated director' after having served 12 years on Inditex's Board, a reduction in the number of members of the Board of Directors was approved, leaving it at ten (10).

Detailed information on the Annual General Meeting and on the regulation, organisational and operational rules, composition, mission and competences and the main activities or lines of action of the Board of Directors and the Audit and Compliance, Nomination, Remuneration and Sustainability Committees for 2023, is provided in the 2023 Annual Corporate Governance Report (ACGR). This report was approved by the Board of Directors at its meeting of 12 March 2024 and is available on our corporate website (in the 'Investors' section, under 'Corporate Governance > Reports and Regulations') and on the CNMV website.

ⓘ More information in the *Annual Corporate Governance Report*.

Management Committee

Inditex's Management Committee is responsible for coordinating the Company's management and supports the CEO in the exercise of his duties. This Committee is conducive to collegiate decision-making in accordance with international best practices on corporate governance.

The members of the Management Committee as of 31 January 2024 are as follows:

Member	Position
José Pablo del Bado Rivas	Pull&Bear Director
Miguel Díaz Miranda	Chief Financial Officer & Chief Operating Officer, Zara
Ignacio Fernández Fernández	Chief Financial Officer, Inditex
Javier García Torralbo	Chief Digital Officer, Inditex
Begoña López-Cano Ibarreche	Chief People Officer, Inditex
Javier Losada Montero	Chief Sustainability Officer, Inditex
Beatriz Padín Santos	Zara Woman Director
Jorge Pérez Marcote	Massimo Dutti Director
Óscar Pérez Marcote	Zara Director

5.1.1.2. Main lines of action by Inditex corporate bodies in 2023

The agenda of business to be transacted by Inditex governing bodies has continued to be shaped by sustainability:

/ The monitoring of sustainability targets for the 2020-2025 period and the approval of the various action plans and roadmaps to achieve them.

/ The Fibres Plan concerning the target on the use of lower-impact textile raw materials.

/ The Decarbonisation Plan, with respect to the net-zero target.

/ The assessment of the Supply Chain Transformation Plan.

/ The approval of the new sustainability targets, which were announced at the 2023 AGM. More information in section *5.2.2. Sustainability strategy.*

/ Assessment of the Group's Diversity and Inclusion strategy and purpose, as part of the Group's responsible action.

/ Monitoring of the new regulatory framework and sustainability reporting standards.

/ Monitoring of the impact on the value chain of the earthquakes in Morocco and Türkiye and the various social initiatives.

The Board's agenda was also determined by:

/ The review of the financial and non-financial information that the Company discloses to the Market and of the various mandatory transparency reports.

/ The business situation and in particular, (i) the monitoring of the financial results and the budget, as well as the fulfilment of the strategic objectives, (ii) the monitoring and analysis of the evolution and expectations in relation to the different commercial formats and the different markets where the Group operates, or (iii) the analysis of the different impacts for the Group in view of the socioeconomic situation derived from the earthquakes in Türkiye and Morocco, or the different geopolitical conflicts.

/ The analysis and monitoring of the main risks affecting the Inditex Group and updating of the risk map.

/ The monitoring and formal approval of the different (i) corporate operations, in particular, in relation to the sale of certain subsidiaries of the Group and the management of the business in certain markets through the franchise system, and (ii) transactions with related parties.

/ Further information on these transactions is included in the Annual Report on Related-Party Transactions for the financial year 2023, which will be published on the corporate website at the time the notice of the 2024 Annual General Meeting is published.

/ The formal aspects of (i) the appointment and re-election of directors, (ii) the remuneration of the CEO and members of senior management, and (iii) the evaluation of the performance of the Board of Directors, its Committees and other key positions.

And, in particular, the following should be highlighted due to their special relevance:

/ The formal establishment of the new Cybersecurity Advisory Committee, as announced at the 2023 AGM:

- This Committee's main purpose, as a permanent internal advisory and consultative body without executive powers, is to provide strategic and independent advice to the relevant governing bodies and the Company's management on cybersecurity, its regulations, best practices and emerging risks that could affect the Company.

- This new body strongly advances the consolidation of Inditex's cybersecurity governance structure, led by the Board of Directors itself. The Board is supported by a series of consultative bodies, including the Audit and Compliance Committee, and executives, represented in the Group's management team. Involved, in the first instance, is the Chief Information Security Officer (CISO), who is supported, in turn, by the Information Security Committee, of which the CEO is also a member.

- The establishment of this body also required implementing the necessary formal aspects relating to the appointment of its members and the determination of their remuneration, the approval of its organisational and operational rules and the adaptation of other internal regulations to this new organisational structure, etc.

/ The approval of the Group's new Internal Reporting System. More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model*.

/ Follow-up on the analysis concerning the Company's key positions and the identification of suitable profiles to fill them.

/ Approval of the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026 and the new 2023-2027 Long-Term Incentive Plan.

More information on the activities and matters dealt with by the Board and its Committees can be found in the Annual Operating Reports for the financial year 2023, which will be published on the corporate website at the time the notice of the 2024 Annual General Meeting is published.

5.1.1.3. Diversity in our governing bodies

Inditex has a Diversity and Inclusion Policy, approved by the Board of Directors in December 2017, and partially amended in December 2020. This policy establishes the framework that promotes the values of diversity, multiculturalism, acceptance and integration in all the Group's entities and is driven by the most senior levels of the Company.

ⓘ More information in section *7.1.2. Our approach to diversity* of this Report.

Moreover, we also have a Diversity of Board of Directors Membership and Director Selection Policy, approved by the Board of Directors on 9 December 2015 and last amended on 8 June 2021.

This Policy sets forth the criteria for the selection of directors to guide the activities of the relevant corporate bodies.

The Nomination Committee is the board specialised committee involved in the process of selection, nomination, ratification and re-election of our directors. The Nomination Committee's guiding principle is to guarantee a diverse membership on the various collegiate governing bodies of our Company, including diversity of knowledge, skills, age, international experience or geographic origin and, in particular, gender, among the criteria for consideration.

In 2023, coinciding with the step down of Mr Emilio Saracho Rodríguez de Torres as a Director of the Company, this Committee, in accordance with best practices, reviewed and updated the **Board Skills Matrix** approved in 2022, to take into account the Board's new composition. Thus, the Matrix remains as a useful tool at the service of the Nomination Committee to review the criteria for ensuring the proper and diverse composition of the Board of Directors (see below the main indicators resulting from the Matrix) and the selection of potential future candidates.

With regard to gender diversity, the Committee has consistently strived to achieve the highest levels of female representation. In 2022, with five women on the Board, the target set in 2020 of 40% of female directors out of the total number of members of the Board was exceeded, **and in 2023 parity was reached between men and women on Inditex's most senior governing body.**

This also places Inditex above the targets set for the under-represented gender in Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among board members of listed companies and related measures, to be achieved by June 2026, of 40% in relation to non-executive directors or 33% of the total members of the Board, regardless of whether they are executive or non-executive directors. Moreover, the percentage of women[5] on the Board of Directors of Inditex is above the average of companies listed in the Ibex 35 Index.

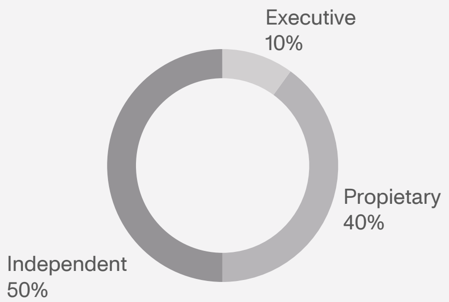
Governing Bodies	% women	
	2023	**2022**
Board of Directors	50.00%	45.45%
Audit and Compliance Committee	50.00%	42.86%
Nomination Committee	40.00%	40.00%
Remuneration Committee	25.00%	20.00%
Sustainability Committee	75.00%	60.00%

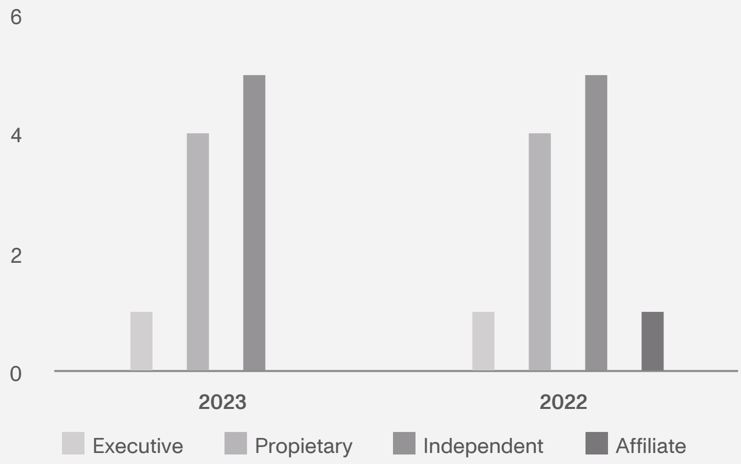
Moreover, the Committee is also responsible for the appointment and removal of members of the Senior Management, and must also ensure gender diversity and the promotion of female leadership, **encouraging the existence of a significant number of female senior managers.**

[5] The year-on-year change in the Board of Directors and its Committees has been affected by the reduction in the number of Board members approved at the 2023 AGM.

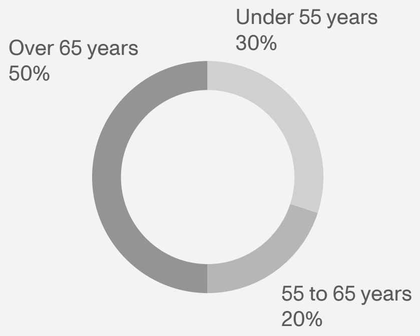
Main diversity indicators of the Board of Directors of Inditex for financial year 2023 and their performance

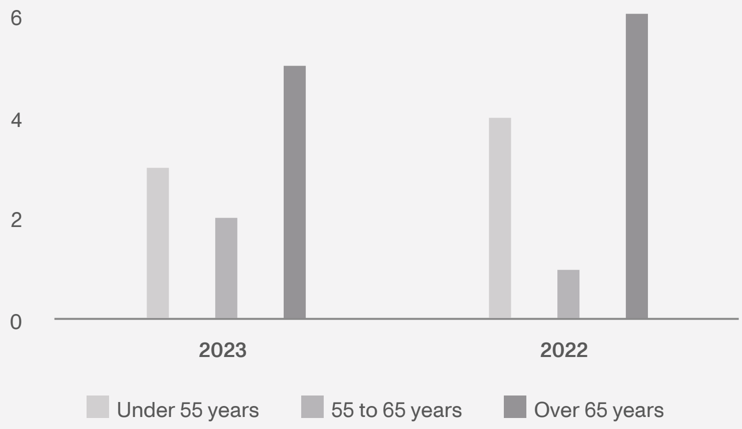
Directorship type



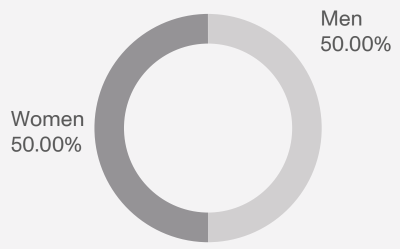


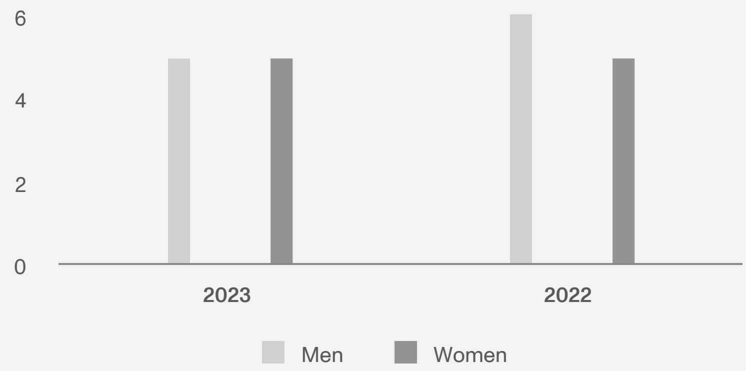
Age



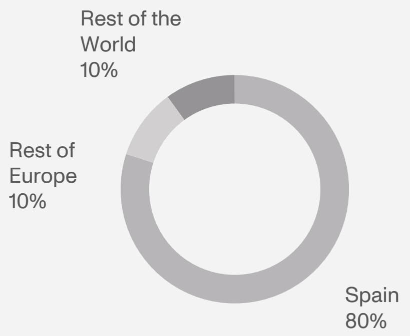


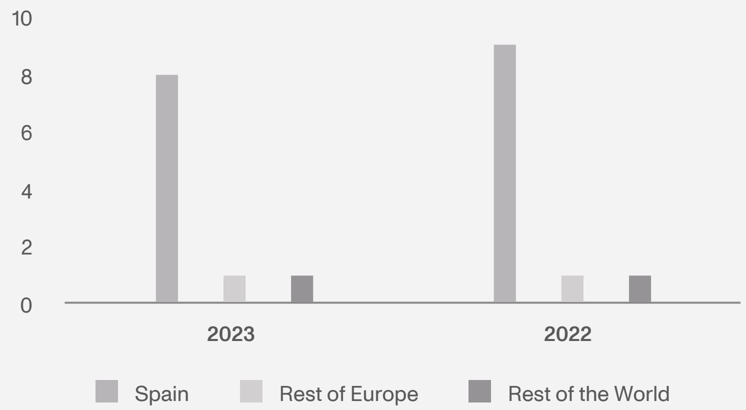
Gender



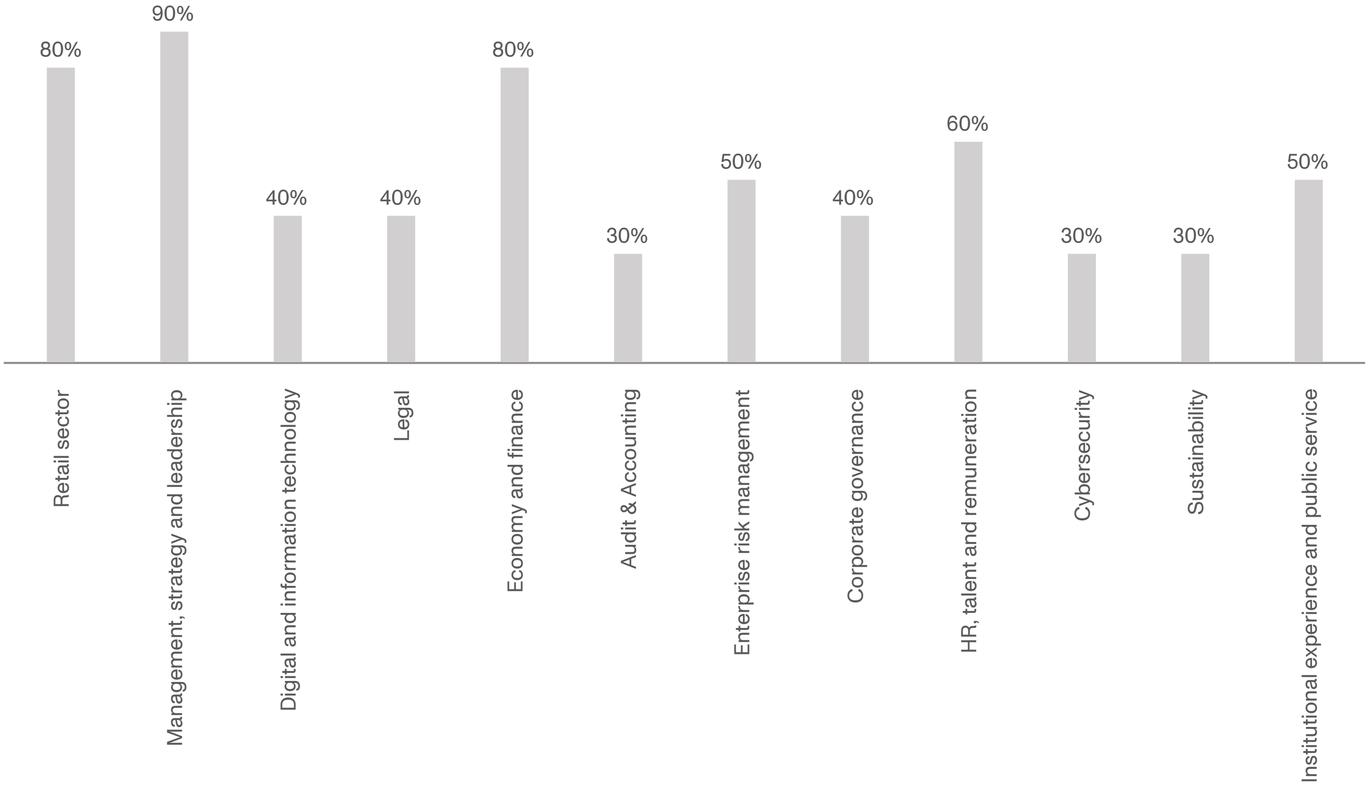


Geographic origin





Competences



Overall, in accordance with the updated Board Skills Matrix, it is considered that the current structure and composition of the Board of Directors of Inditex, as of today, maintains a high level of balance and stability, as materialised in the following: (i) a balanced composition among the different directorship types, with the presence of independent, proprietary and executive directors, but in any event with an ample majority of non-executive and independent directors, (ii) a parity presence of men and women, and (iii) an appropriate balance of skills, knowledge and experience, suited to the interests of the Company and the Group.

Diversity in a company's governing bodies ensures there are multiple perspectives, helping to identify risks and opportunities and, therefore, to achieve corporate objectives.

In addition, the diversity promoted by the governing bodies and Senior Management encourages the promotion of equal opportunities across the organisation, nurturing a diverse and inclusive workplace, which contributes primarily to the achievement of Inditex's corporate objectives and a better business performance.

5.1.1.4. Other indicators of Inditex's Corporate Governance System

Item	2023	2022
Quorum for attendance at the Annual General Meeting	89%	88%
Number of directors	10	11
Executive Directors	1	1
Independent Directors	5	5
Proprietary Directors	4	4
Affiliate Directors	0	1
Lead independent director	YES	YES
Meetings of the Board	8	10
Attendance %	89%	98%
Meetings of the Audit and Compliance Committee	7	6
Attendance %	98%	100%
Meetings of the Nomination Committee	6	5
Attendance %	90%	100%
Meetings of the Remuneration Committee	4	5
Attendance %	94%	100%
Meetings of the Sustainability Committee	5	6
Attendance %	100%	100%

5.1.1.5. Remuneration of Directors and Senior Management

Detailed information on the **Directors' Remuneration Policy** in force for 2021, 2022 and 2023, which ceased to be effective on 31 January 2024, its principles, foundations and elements, as well as its application in 2023, are set out in the 2023 Annual Report on Remuneration of Directors, approved by the Board of Directors at its meeting of 12 March 2024. This report is available on our corporate website (in the 'Investors' section, under 'Corporate Governance' > 'Reports & Regulations') and on the CNMV website.

ⓘ More information in the *Annual Remuneration Report*.

The 2023 AGM approved the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026 as well as the new Long-Term Incentive Plan 2023-2027 (hereinafter referred to as the '2023-2027 Plan').

This new Remuneration Policy, which will enter into force for the financial year commencing on 1 February 2024, is consistent with the Remuneration Policy for 2021, 2022 and 2023, and is aligned with Inditex's short and long-term strategic priorities, and focuses on the creation of long-term value and sustainability. The new 2023-2027 Plan, also consistent with the 2021-2025 Long-Term Incentive Plan, incorporates the new public sustainability objectives announced at the 2023 AGM.

Detailed information on the new Remuneration Policy and the 2023-2027 Plan can be found in the aforementioned Annual Report on Remuneration of Directors for 2023.

Total remuneration of the Board of Directors in 2023 (in thousands of euros)

	2023	2022
Total Remuneration of the Board of Directors	13,462	38,698

ⓘ More information in section C.1.13 of the *Annual Corporate Governance Report* and in the *Annual Remuneration Report*.

No gender-specific information is included regarding directors' average remuneration as there is no gender pay gap in Inditex's governing bodies. The remuneration of directors in their capacity as such consists of a fixed annual remuneration for each of them for their membership of the Board and its various committees and an additional remuneration for discharging the offices of chair and deputy chair of the Board and for chairing the different committees, regardless of gender. At present, both the Board of Directors and two of Inditex's Committees are chaired by women. Only the CEO receives a remuneration package (including

fixed and variable components) for the performance of his executive duties, and the items and amounts of the CEO's remuneration are therefore not comparable to that of the other directors.

Average remuneration of Senior Management in 2023 (in thousands of euros)

The annual average remuneration earned by the 22 members of the Senior Management as of 31 January 2024 is as follows:

Average remuneration earned by the Senior Management	2023	2022
Men	5,101	4,149
Women	4,628	3,753
Total	4,957	4,044

ⓘ More information in section C.1.13. of the *Annual Corporate Governance Report*.

5.1.1.6. Vision and challenges: towards sustainable governance

Sustainability is one of the essential elements of Inditex's Corporate Governance System. This system has been in a **continuous process of review and improvement,** evolving in line with international guidelines and best practices in this area and, in particular, with ESG (Environmental, Social and Governance) criteria, towards a system of sustainable governance.

The Group's commitment to sustainability is reflected at the highest level of the Company, starting with the most senior governing bodies, with sustainability as a factor integrated in the decision-making process.

Accordingly, Inditex's Corporate Governance System provides a comprehensive vision that promotes responsible governance, in order to safeguard the interests of our shareholders, while at the same time reflecting and taking responsibility for the environmental, social and reputational impact of our activity, with the aim of maximising the long-term corporate interest through the continuous creation of value for each and every one of our stakeholders.

The result is a **socially responsible and sustainable business model**, in continuous participatory dialogue and aimed at the common benefit of all related strata.

Sustainability Governance

Board of Directors

Body responsible for approving Inditex's sustainability strategy.

EXECUTIVE BODIES

Chief Executive Officer

/ Addresses all aspects related to the operation of the business: defining the sustainability strategy.
/ Reports at least quarterly to the Board of Directors.

Management Committee

/ Body responsible for coordinating the Company's management and supports the CEO in discharging his duties.
/ Addresses all aspects related to the operation of the business: driving the sustainability strategy.

Chief Sustainability Officer

/ The Chief Sustainability Officer is part of the Senior Management of Inditex and member of the Management Committee.
/ Reports hierarchically to the CEO and reports to the Sustainability Committee on a quarterly basis and, where appropriate, to the Audit and Compliance Committee on sustainability, including social, environmental and product health and safety, and in relation to climate change and associated risks.
/ Establishes the strategy and identifies tolerance to risks (approved by the Board) related to sustainability, including climate risk.
/ Oversees the implementation of the sustainability strategy and the achievement of associated objectives.

Sustainability Operating Committee

The Sustainability Operating Committee is the body in charge of coordinating and promoting the implementation of the sustainability strategy among the Group's different brands and business units. It is chaired by the Chief Sustainability Officer and comprises representatives from various relevant areas. It meets on a quarterly basis.

ADVISORY BODIES

Sustainability Committee

/ Body in charge of overseeing and controlling sustainability proposals in terms of human rights, social, environment and the health and safety for our products.
/ Monitoring sustainability strategy and practices.
/ Measuring and achieving sustainability objectives.
/ Body in charge of liaising with stakeholders in the field of sustainability.
/ Overseeing and evaluating the preparation of regulated and non-regulated non-financial information.
/ Reports to the Board of Directors on a quarterly basis.

Audit and Compliance Committee

/ Body responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including climate change risks.
/ On an annual basis, this Committee supervises and assesses non-financial risks and its degree of tolerance, while ensuring that the risks are managed within the tolerance levels established by the Board.
/ Also responsible for overseeing and evaluating the preparation and integrity of the non-financial information and overseeing the independent verification of this information.
/ Reports quarterly to the Board of Directors.

Social Advisory Board

A collegiate body composed of external independent experts, which advises the Company in sustainability issues.

Ethics Committee

Body reporting to the Board of Directors, which oversees compliance with standards of conduct.

Our Corporate Governance System integrates sustainability by means of the following elements:

Integration of sustainability into the Company's management and corporate strategy

The **Sustainability Committee,** as an informative and advisory Board committee, is responsible for monitoring our social and environmental sustainability strategy and practices, as well as fostering a commitment to the Sustainable Development Goals. In accordance with article 9.2 of the Sustainability Committee Regulations, the members of the Sustainability Committee shall be appointed, especially its chair, with the knowledge, skills and experience appropriate to the functions they are called upon to perform, including, among others, in matters of sustainability, social action initiatives, sustainable resource management and the design of stakeholder communication policies.

Hence, it liaises directly with the Sustainability Department, which is responsible for defining the Group's sustainability strategy and which reports, at least quarterly, on the degree of achievement of the strategic objectives and proposals in the areas of human rights, social, environment, and health and safety of our products.

Moreover, the Chief Sustainability Officer is a member of Inditex's Management Committee. This body reviews the strategy and business and investment plans also in this field and, at the same time, liaises directly with the various corporate and business areas responsible for executing the sustainability strategy and proposals.

In 2023, as part of the process to define the revised climate change strategy in 2022, the Sustainability Committee assessed the Company's Decarbonisation Plan and worked on its development or 'Climate Transition Plan'.

The existence of robust sustainability monitoring mechanisms

Meanwhile, one of the main duties of the **Audit and Compliance Committee** is to oversee and assess financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices.

The members of the Sustainability Committee, including its Chair, also serve on the Audit and Compliance Committee. The overlapping presence of directors on both committees and the report that the Chair of the Sustainability Committee submits to the Board of Directors regarding the main issues discussed at their respective meetings ensure that the most relevant social and environmental sustainability issues are taken into consideration in the deliberations of the Audit and Compliance Committee and of the Board, allowing for a better identification of the risks and opportunities associated with these matters.

This system of dialogue at different levels within the Organisation, right up to the highest level, helps to better assess processes and identify the sustainability risks, opportunities and impacts of our commercial operations.

Establishing appropriate mechanisms to reflect the expectations of our stakeholders

The **Sustainability Committee** is also the body responsible for relations with the various stakeholders in the area of sustainability.

In particular, it is in charge of overseeing and evaluating, both the strategy of communication and relations with the various stakeholders, as well as the procedures and channels of communication in place at Inditex to guarantee proper and seamless communication with them.

Furthermore, Inditex has a **Social Advisory Board**. It is the Company's permanent external body which acts in an advisory and consultative capacity in matters of social and environmental sustainability. It is made up of persons external to and independent of the Group. It arranges and institutionalises dialogue with those spokespersons considered key in the civil society in which we develop our business model and plays, in addition, an important role in determining the materiality analysis, in which it participates in collaboration with our stakeholders.

Its composition as of 31 January 2024 is as follows:

Member
Mr Victor Viñuales Edó
Ms Paula Farias Huanqui
Ms Cecilia Plañiol Lacalle
Mr Ezequiel Reficco
Mr Javier Sardina López

Accountability and transparency

In addition, the **Sustainability Committee** is further tasked with overseeing and verifying the process of preparing regulated and non-regulated non-financial information. This procedure is carried out in coordination with the **Audit and Compliance Committee**, which is responsible for the ultimate supervision and evaluation of the preparation process and the integrity of the non-financial information included in the management report, ensuring compliance with all legal requirements, and also dealing with the process of independent verification of this information. Such coordinated action ensures a global view of the effective implementation of policies relative to their respective areas of competence, as well as enhancing the quality of non-financial information made available to the market.

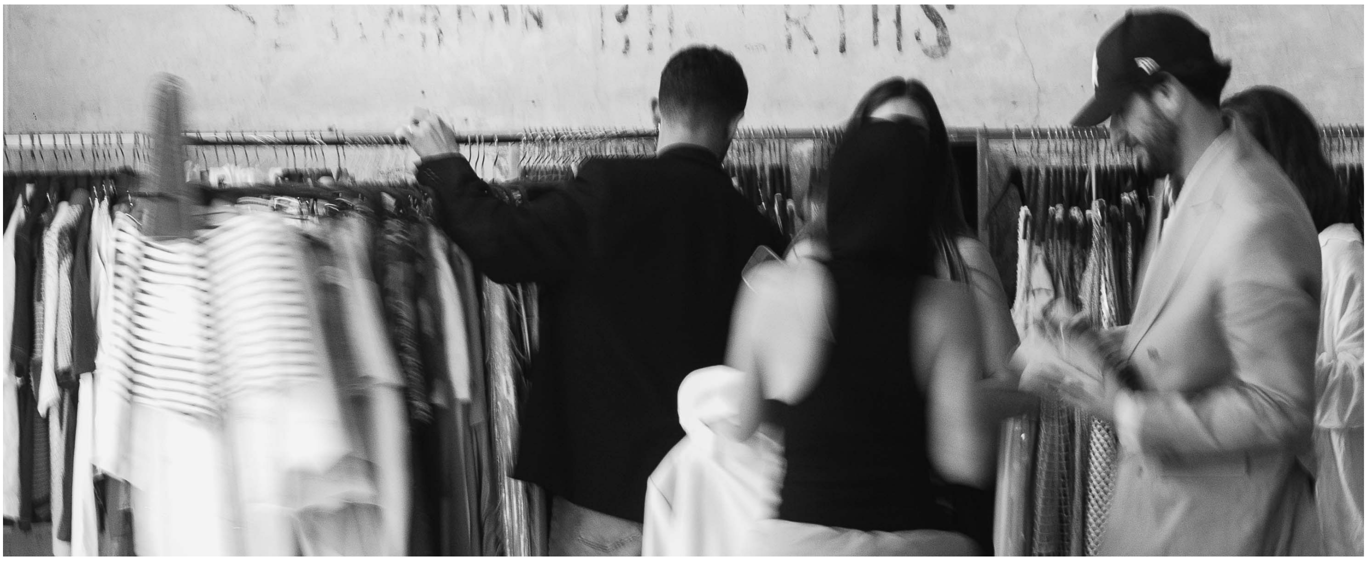
The link between sustainability performance and the remuneration system for our Executive Director and Senior Managers

The Chief Executive Officer's variable remuneration, both annual and multi-year, is linked to the fulfilment of certain sustainability goals (environmental, social and corporate governance), consistent with the Group's sustainability strategy, which is a further incentive for the development of that strategy.

The annual variable remuneration of the Chief Executive Officer for 2023 is linked to, among other criteria, progress in the implementation of Inditex's global sustainability strategy. This progress will be measured according to the indicators updated at the 2023 Annual General Meeting, with a maximum weight of up to 15% of the total annual variable remuneration.

Weight	Goal	Measurement criteria [1]	
15%	Progress in the implementation of Inditex's global sustainability strategy, measured according to the following indicators:	(i)	Increase in the use of lower-impact fibres, measured through the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres;
		(ii)	Degree of progress in the plan for the environmental improvement of supply chain, focused on reducing water and energy consumption;
		(iii)	Degree of compliance with our commitment that by 2023, all waste generated at our corporate headquarters, logistics centres, own factories and own stores will be properly collected and managed;
		(iv)	Degree of compliance with our 2023 target that all packaging materials should be collected for subsequent reuse in our supply chain;
		(v)	Development of additional mechanisms in renewable energy infrastructure;
		(vi)	Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes in stores;
		(vii)	Degree of progress in the elimination of single-use plastics for customers; and
		(viii)	Innovation projects related to textile recyclability.

(1) The objectives themselves do not change with respect to what was published in the previous year's report, nor does their calculation methodology; this is merely a terminological adaptation to the evolution of sustainability initiatives.



Furthermore, in line with the Remuneration Policy, the weight of sustainability metrics to which multi-year remuneration is linked in the long-term incentive plans currently in force is 25%, which is above the 20% market median. The metrics to which the long-term incentive plans are linked are as follows:

Weight	Target	2021-2025 Plan Measurement Criteria		2023-2027 Plan Measurement Criteria
		(Cycle I)	(Cycle II)	(Cycle I)
		Use of lower-impact fibres: measured as percentage use of raw materials from preferred sources.	Preferred fibre consumption: measured as the percentage reduction of the weight of conventional fibres over total fibre consumption (in t), for the four fibres involving a public commitment (cotton, polyester, man-made cellulosic fibres and linen).	Consumption of textile raw materials with lower impact (known as preferred): measured as the percentage of preferred textile raw materials (organic, in conversion, regenerative, recycled, certified as European linen, Green viscose in the Hot Button Report by Canopy and EU BAT compliant or Next Generation) in the winter campaign of financial year 2025 over total purchases of the main fibres (cotton, polyester, linen, viscose, modal and lyocell) in that campaign.
25 % (1)	Sustainability index (composed of four indicators)	Waste management: measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) that have a waste management system in place to recycle, recover and adequately treat such waste for its recovery, preventing it from ending up in a landfill.	Water consumption: measured in terms of percentage reduction of water consumption (litre/kg) in the supply chain.	Water consumption: measured as the percentage reduction in water consumed (litre/kg) in the supply chain between the cycle start date (1 February 2023) and end date (31 January 2026).
		Decarbonisation: measured as the reduction in the volume of Greenhouse Gas emissions in own operations (scope 1 and 2).	Decarbonisation: measured as the percentage reduction in the volume of scope 3 Greenhouse Gas emissions, in the 'purchased goods and services' category.	Decarbonisation: measured as the percentage reduction in the volume of scope 3 Greenhouse Gas emissions, in the 'purchased goods and services' category, between the cycle start date (1 February 2023) and end date (31 January 2026).
		Social: measured as the percentage of suppliers of Inditex products ranked A or B in the social score index.	Social: measured as the percentage of suppliers of Inditex products ranked A and B in the social score index.	Social: total number of workers included in programmes in the Priority Impact Areas of Social Dialogue, Living wages, Health, Respect and Resilience, pursuant to the Workers at the Centre Plan in the period from 1 February 2023 to 31 January 2026 (cumulative data for the three years 2023, 2024 and 2025).

(1) Taking into account that two different long-term incentive plans have been in force during the financial year 2023, in which the weight of the sustainability index is already 25 % in both cases.

As a result, in 2023, the weight of sustainability goals over the CEO's total variable remuneration has been approximately 20%, and 36% over fixed remuneration.

Details of the objectives, the measurement criteria and the scales of achievement for each of the sustainability objectives linked to the Chief Executive Officer's variable remuneration are provided in the 2023 Annual Report on Remuneration of Directors. It was approved by the Board of Directors on 12 March 2024 and is available on the corporate website (in the 'Investors' section, under 'Corporate Governance > Reports & Regulations') and on CNMV website.

ⓘ More information in the *Annual Report on Remuneration*.

There is a clear alignment between the remuneration structures of the Chief Executive Officer and the members of Senior Management , coinciding both in their principles and remuneration items and in the design of the incentives, which are broadly consistent throughout the organisation, as well as in the mechanics of the pay review process. Accordingly:

/ The total remuneration of the members of Senior Management consists mainly of the following items: (i) fixed remuneration, (ii) annual variable remuneration and (iii) long-term variable remuneration.

/ The metrics established in both annual variable remuneration and multi-year variable remuneration are linked to the achievement of a combination of financial and non-financial targets. These targets are specific, predetermined and quantifiable, aligned with the social interest and the Group's Strategic Plan. Accordingly, compliance with sustainability goals is also a component of the Senior Management's variable remuneration.

/ This variable remuneration system has the flexibility to allow modulation to the extent that, under certain circumstances it is possible for members of Senior Management to not receive any variable remuneration if minimum performance thresholds are not met. That is, there are no guaranteed variable remunerations.

All of the foregoing reinforces the commitment of the Company's key staff to sustainability. It also means that variable remuneration is fully linked to business performance and aligned with the social interest and with the Group's sustainability goals and strategy, in the short, medium and long term.

5.1.2. Human rights due diligence

GRI 2-23; 2-24; 2-25; 2-6; 3-3; 407-1; 408-1; 409-1; AF5; AF24

ⓘ More information in the *Human Rights Report* available on Inditex's website.

Respect for human rights is a priority for Inditex, which is why our approach to it is comprehensive. We place people at the centre of all our decisions and actions. This commitment starts with the Board of Directors and permeates the entire Company through the corporate culture. Thus, respect for human rights is integrated in processes, decisions and relationships throughout our day-to-day.

Based on this commitment, our human rights strategy is fully aligned with the United Nations Guiding Principles on Business and Human Rights. This strategy pervades all Group operations and articulates our alignment with best practices throughout the value chain.

Specifically, our human rights strategy is structured on the following three pillars:

Inditex's human rights strategy

Integrating the promotion of and respect for human rights throughout our value chain

Policy on Human Rights

Approved in December 2016 and amended in February 2024 by the Board of Directors.

It applies to the entire Group.

Due diligence

/ Identifying potential impacts arising from operations and relationships with third parties.

/ Prioritising impacts.

/ Integration of the results in processes.

Grievance mechanisms

Underpin the identification of potential impacts and help strengthen aspects of the due diligence processes.

Policy on Human Rights

Approved by the Board of Directors in 2016 and updated in February 2024, our Policy on Human Rights is the first pillar of our strategy. It is based on related reference documents such as the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights and the main conventions of the International Labour Organization, among others.

This Policy enshrines Inditex's commitment to the values that these frameworks represent and is binding on all employees, regardless of their seniority and on all those having dealings with the Group.

For prioritisation purposes, the Policy also identifies the rights most directly connected with the main activities of the Group and the stakeholders we interact with:

Policy on human rights

Respect for all universally recognised human rights.
Prioritisation of rights most closely linked to the business model:

Non-labour human rights
/ Respect for minorities' and communities' rights.
/ Right to personal data protection and privacy.
/ Right to health.
/ Right to freedom of opinion, information and expression.
/ Right to security of the person.
/ Contribution to the fight against corruption.
/ Right to the environment and to water.

Labour human rights
/ Forced or compulsory labour is rejected.
/ Child labour is rejected.
/ Discrimination is rejected and diversity is promoted.
/ Respect for freedom of association and collective bargaining.
/ Protecting workers' health and safety.
/ Just, fair and favourable working conditions.

The Board of Directors is the body responsible for approving the Policy on Human Rights, and is mainly supported by:

/ The Sustainability Committee, an informative and consultative body, responsible for promoting the commitment to human rights and compliance throughout the Company with the stringent policies, regulations and standards on human and labour rights.

/ The Audit and Compliance Committee, overseeing and assessing risks of all kinds, in particular those relating to human rights.

/ The Social Advisory Board, a collegiate body integrated by external independent experts, which advises the Group in human rights issues.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Human rights due diligence

Human rights due diligence processes are the tool we use to identify and prioritise potential negative impacts from our activity, and to develop the appropriate mechanisms to prevent, mitigate or remedy them, as appropriate. These processes are consistent with the control system defined in the **Due Diligence Policy** and in its implementing internal regulations, described in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model*.

For these human rights due diligence processes to be truly effective, they must always be kept up to date. At Inditex, we achieve this through continuous interaction with our stakeholders and with the sustainability teams working on the ground in our supplier clusters.

Inditex's view with respect to the scope of the human rights strategy coincides with that of the Guiding Principles: it must cover the entire **value chain**. This means identifying and prioritising potential impacts so as to incorporate the findings into our activities, designing tools to prevent and mitigate them, and continuously enriching and complementing these tools. The creation of these processes involves all the key areas of the Company, such as Human Resources, Risk Management or Compliance, and they are constantly reviewed and updated.

Due to its importance, nature and scale, our **supply chain** is a priority area of our value chain in terms of respecting and promoting workers' human and labour rights. In this regard, the support and assessment of our suppliers is a core aspect of due diligence in our supply chain, informing our strategies and ensuring workers' protection and the promotion of their rights. Furthermore, our current sustainable supply chain management strategy, Workers at the Centre 2023-2025, is the culmination of two decades of experience and learning. The aim is to understand the needs of workers and their communities and place them at the centre of our decisions and programmes. Designed following a due diligence process conducted in collaboration with Shift in 2018 and updated in 2022, the strategy currently covers five Priority Impact Areas: social dialogue, health, living wages, respect and resilience.

ⓘ More information in section *7.2. Workers in the supply chain* of this Report.

Key elements for due diligence

Communication and cooperation

Our culture of collaboration as a tool for tackling complex challenges is also crucial for due diligence processes. At Inditex we constantly turn to international organisations, various NGOs and a range of initiatives to optimise the development of projects and training or to design and execute our strategies. Some of the most important organisations with which we collaborate are the International Labour Organization, the United Nations Global Compact and global trade unions UNI Global Union and IndustriALL Global Union. Special mention should be made of our partnership with Shift, the leading centre of expertise on the Guiding Principles on Business and Human Rights, with whom we conducted the due diligence exercise in 2018 that spawned the Workers at the Centre strategy and its updated version in 2022. In addition, Shift also coordinates and organises another initiative involving Inditex: the Business Learning Program, a space in which to share practices and learning in connection with fostering human rights at companies in various sectors.

Awareness and training

The Group's aim is to integrate responsible practices into all our team's decisions and actions, as well as in our relations with third parties, to ensure that human rights are always guaranteed. This is where corporate culture plays a key role. We constantly train our people and raise their awareness, as soon as they join the Group, and the same applies to our suppliers, manufacturers and other stakeholders. Moreover, in our supply chain, training on issues such as gender equality, social dialogue or health and safety is complemented by our responsible purchasing practices, which we promote through means of specific training for our purchasing teams, who have a close relationship with suppliers.

For example, in 2023, the Sustainable Fashion School has provided the commercial and design-teams with training that includes specific topics on human rights and their potential impacts related to the business model.

Respect and promotion of human rights form part of our corporate strategy, are integrated into our business model, permeate the entire organisation through our corporate ethical culture and govern our relationships with third parties, with a particular focus on the supply chain.

Grievance mechanisms

Grievance mechanisms, the third pillar of the human rights strategy, are key to improving the due diligence process, as their information helps identify potential negative impacts, and allows the Company to react and mitigate any risk in advance.

Our main grievance mechanism is the Ethics Line, which is available both to Inditex staff and to third parties with a legitimate interest. This channel enables queries and communications related to the interpretation of and compliance with the internal rules of conduct to be sent, in the strictest confidentiality and even anonymously, to the Ethics Committee so that it can analyse them and adopt any necessary measures.

Another important mechanism is the one established under the umbrella of our Global Framework Agreement with the IndustriALL Global Union federation of industry trade unions. Thanks to the Global Framework Agreement, in force since 2007 and whose fifteenth anniversary took place in 2022, we reach out to workers in the supply chain through their representatives to promote social dialogue. The aim of the Framework Agreement is to guarantee respect for human rights in the social and labour environment by promoting respect for labour standards throughout the Inditex supply chain.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report and in the *Report Workers at the Centre*, available on Inditex's corporate website.

5.1.3. Responsible risk management

GRI 2-23; 2-24; 201-2; 304-2; 308-2; 3-3

5.1.3.1. Risk management and control framework

Integrated Risk Management System

Inditex's **Integrated Risk Management System (IRMS)** establishes the Group's risk management and control framework. The IRMS, based on the COSO Enterprise Risk Management (ERM)[6] framework, covers our entire Group, both at corporate level and in the different business units and subsidiaries, regardless of their geographic location. It is incorporated in our strategic planning process, in the definition of business objectives, as well as in the Group's day-to-day operations. The IRMS comprises both financial and non-financial risks (including tax, operational, technological, cybersecurity, legal/regulatory, social, environmental, climate change, political, reputational, corruption-related and other risks). We consider risk to be any potential event, regardless of its nature, that could adversely affect the achievement of business objectives.

The **Risk Management Policy** establishes the basic principles, risk factors and the general action guidelines for managing and controlling the risks that affect our Group. The determination of this Policy is a non-delegable power of the Board of Directors, and its promotion corresponds to this body and to the Senior Management of the Group, although its implementation is the responsibility of every one of us within Inditex. Its application may be extended, in whole or in part, to any individual and/or legal person linked to the Group. The purpose of the Policy is to provide reasonable assurance in regard to the achievement of the objectives set by the Group in response to the various challenges it faces, providing all stakeholders with an adequate level of assurance to ensure the protection of the value generated.

The IRMS is based on this Policy and developed and supplemented by internal regulations of different levels that govern the management of different risks and apply to different units or areas of the Group. This system coexists with other functions responsible for monitoring specific risk areas. Other relevant risk management policies and regulations are detailed below. Our IRMS is based on the 'COSO ERM' methodological framework and the relevant ISO standards, adapted to our own needs and specific characteristics. Furthermore, special evaluation and quantification methodologies are used to tackle specific risks, particularly those relating to climate.

Bodies responsible for preparing and implementing the Risk Management System

The IRMS ensures adequate segregation of duties between the different elements that comprise, the responsibilities between the units and bodies involved in the IRMS are based on the three lines of defence model, specified below:

[6] COSO ERM Framework, Enterprise Risk Management – Integrating with Strategy and Performance, published in September 2017 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk management

Board of Directors

Approval of the Risk Management and Control Policy, which establishes the basic principles, key risk factors and the general framework for their management.

Audit and Compliance Committee

Supervision
of the risk control and management function, verifying its operation based on the policy approved by the Board.

Assessment
of the effectiveness of financial and non-financial risk internal control and management systems, as well as the measures planned to mitigate the impact of the risks identified.

Identification and re-assessment
at least annually, of the most significant financial and non-financial risks and their tolerance levels.

Risk Map
identifying the main risks by category, and an evaluation of these in terms of their potential impact, probability and the Group's preparedness for tackling them.

Senior Management

Awareness and education
of the importance of the Integrated Risk Management System and its value for all the Company's stakeholders.

Definition and validation
of roles, attributions, and responsibilities within the framework of the Integrated Risk Management System.

Validation of action plans
and work plans derived from the risk management process itself, and activity monitoring.

Setting the risk level
that the Company considers acceptable, based on the objectives and interests of the Company and its stakeholders.

Three lines of defence

1. Business units *(continuous reporting)*

Responsible for managing and reporting the risks to which the Group is exposed in their respective areas, including climate risk.

2. Risk management / Compliance function *(quarterly reporting)*

Responsible for coordinating and updating the Integrated Risk Management System to maintain the highest level of quality, coordinate the management of non-compliance risks (detailed in 8.1.2. Global Compliance Model and Criminal Risk Prevention Model).

3. Internal Audit *(quarterly reporting)*

Independently and objectively supervising the Integrated Risk Management System.

Risk identification, assessment and prioritisation

There are uniform, standardised and systematic processes for identifying, evaluating, and prioritizing risks, based on the concepts of risk appetite, risk tolerance and risk target. The risk factors to which the Group is subject are classified into six categories, which are subdivided into lower hierarchical classifications according to their causality: financial, geopolitical, technological, environmental, social and governance risks.

The risk identification process aims to pinpoint, recognise and describe the risks that may prevent the Company from achieving its objectives. The identification is based on the best available information, taking as a fundamental basis the knowledge and expertise of the areas directly responsible for risk management, supplemented, if necessary, with relevant external sources. Emerging risks are also considered, i.e., those new risks that are in the process of transformation or are a novel combination of risks, whose impact, likelihood of occurrence and cost are not yet well understood. In any case, the geographical scope or dimension of the risks is considered and evaluated, especially those particular to certain geographies and those related to climate.

Risk criteria must be set by Senior Management, based on the Group's objectives and interests, as well as those of our various stakeholders, and are updated periodically. Risks are assessed in terms of residual risk, i.e., the risk remaining after taking mitigation actions.

The assessment considers three magnitudes for each risk: impact, likelihood of occurrence and level of preparedness. The Risk Management department periodically (at least annually) asks the different risk management units to assess and review the different risks and the mitigation and adaptation measures implemented and planned through a system of interviews and questionnaires. In general, risks are assessed on a one-year time horizon, although, for some risk categories, particularly environmental risks such as climate risk, short, medium and long-term time horizons are considered. A risk register is kept, represented in a risk map, evaluated according to their total impact (strong, high, moderate and minor risks). The map is periodically reported to the Board of Directors and contains the critical risks, meaning those which, if they 'were to materialise' could jeopardize the achievement of our strategic objectives.

Enterprise risk management and control framework

Impact

Effect that a risk would have if it were to materialise. Risk managers consider the worst possible impact scenario for the materialisation of the risk and assess the impact on each strategic objective based on their own calculations, except for the 'Corporate image and reputation' variable, for which they use a standard questionnaire. To obtain the total risk impact assessment, the result of the variable with the highest impact is considered and increased according to the other affected variables on a weighted basis.

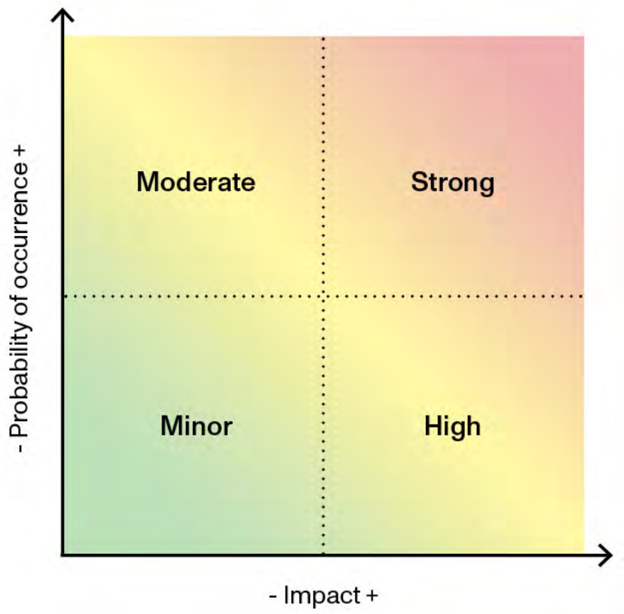
Likelihood

Risk managers consider an average scenario to assess the probability of occurrence. The estimated probability of the risk materialising is assessed taking into account the track record of the past five years as well as the one-year expectations. The different possible scenarios are documented in terms of impact and likelihood of occurrence.

Preparation

The level of preparedness is assessed using a questionnaire on aspects related to response capacity, existing mechanisms and controls, scenario analysis and contingency plans.

These assessments are transferred to the tolerance scales defined by Senior Management for each of the variables to obtain the total impact level. Currently, different thresholds are evaluated for the following financial variables: change in sales, change in gross margin, change in net profit and change in cash flow generated from operating activities.



For the assessment of climate change related risks, we also use methods aimed at the financial assessment of physical (acute and chronic) and transitional risks in the short, medium and long term using a **scenario methodology**.

ⓘ More information in section *6.1.5. Risks and opportunities arising from climate change* of this Report.

The Group is currently in a process of progressive transition in the measurement of critical non-climate related risks, from an impact, likelihood of occurrence and level of preparedness methodology to a scenario methodology.

Each scenario is analysed considering increasing levels of severity to simulate its likelihood of occurrence, its temporal evolution, its recovery curve and its aggregate and disaggregated impact. The purpose is to calculate 'Earning Value at Risk' over a five-year time horizon discounted to obtain its present value. This enables the Group to assess risks in intrinsic and residual terms, once risk mitigation and transfer measures have been taken into account. This method corresponds to the process of evolution and development of the IRMS.

5.1.3.2. Risk map

The risk map represents the inventory of critical risks for the Group. There are also maps for specific risk categories that offer greater granularity.

Critical risk map

	# Risks	Strong	High	Moderate	Minor
Social	4	25%	50%	25%	0%
Financial	8	50%	0%	50%	0%
Geopolitical	3	33%	33%	33%	0%
Governance	9	44%	11%	11%	33%
Environmental	4	50%	0%	25%	25%
Technology	5	20%	60%	20%	0%
Total	**33**	**39%**	**28%**	**28%**	**7%**

The main risk factors are described below, as well as their main mitigation measures and the trend with respect to the previous year.

SOCIAL RISKS

Risks arising from socio-economic trends, including evolving societal preferences, social standards and demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Main risks	Description and impact	Main mitigations	Risk trend
Human capital	Risks connected to talent and people management are related to the need to adapt our organisational culture to the needs of the employees derived from a new and complex environment, where the sustainability of human capital becomes more relevant and which seeks to ensure the quality of employment, the health and well-being of employees, work-life balance, and diversity, among other factors. Today's labour market is becoming increasingly demanding in terms of corporate social responsibility, which determines a company's appeal as a preferred employment destination. Accordingly, the content and impact of human capital risks are evaluated every year. Furthermore, we are more exposed to the potential risk resulting from the shutdown of critical operational processes (logistics activity, transport, administrative services, among others) as a consequence of labour disputes, strike action, riots or protests that curb or disrupt corporate productivity.	/ Knowledge transfer and the involvement of all our people in our culture and way of operating. / Team development as a whole, growth opportunities for the most talented people and retention of key employees through professional development, training and compensation policies. / Recruitment of new staff to ensure a continuous inflow of talent. / Measures to develop the Diversity and Inclusion Policy. / Development of equality plans, establishing measures to promote the commitment to and effective application of equality between men and women, preventing discrimination in the workplace, guaranteeing a healthy working environment and helping to maintain a work-life balance. / Implementation of community programmes and projects. / Promoting social dialogue at all levels. ⓘ More information in section *7.1. Our people* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Infectious and contagious diseases	This category includes the risks posed by infectious and contagious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population. As Covid-19 has taught us, the impacts of a pandemic can be multiple, unpredictable and of varying intensity, both in time and scope. They can become systemic because of how their consequences manifest.	/ Set an information system to ensure better knowledge of the guidelines issued by public authorities and bodies. / Mechanisms aimed at guaranteeing the continuity of our operations. / Flexibility of the business model and strengthening of the online channel. ⓘ With regard to the impact and the mitigation measures, see section *5.1.3.3. Risks that materialised over the course of the year* of this Report. / Maintenance and updating of measures established by the health authorities: creating emergency management committees, collection of data on the epidemiological situation, regular information to employees, installing protective screens in workplaces, adapting capacity, etc. ⓘ More information in section *7.1.7. Health and safety* of this Report.	↓
Brand perception	Risks which have a direct influence on the perception of stakeholders (customers, employees, shareholders and suppliers) and society in general regarding our Group.	/ Monitoring of the Group's image in all areas, conducted by various departments, including Communications and Institutional Relations. / Set the necessary procedures and protocols by the Communications and Institutional Relations. / Management of the relationship with regulatory bodies by the General Counsel's Office – Compliance. Investor and Analyst Relations Management by the Capital Markets Department. / Code of Conduct. / Code of Conduct for Manufacturers and Suppliers. / Policy on Official Internet and Social Networks Accounts and Profiles. ⓘ More information in sections *5.3.1. Stakeholder engagement* and *8.1. Corporate ethical culture and solid Compliance architecture* of this Report.	↑

FINANCIAL RISKS

Threats originating in the macroeconomy, global value chains and in industry, or company-specific events that may prevent the proposed objectives from being achieved.

Main risks	Description and impact	Main mitigations	Risk trend
Competition	The competitive environment may result in risks from difficulties in adapting to the environment or market in which we operate, either in the procurement processes or in the distribution or sales. This aspect is inherent to the fashion retailing business and consist of the possible inability of our Group to follow and respond to changes in the target market or to adapt to new situations in its sourcing or distribution countries. These risks derive from the possible difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and selling new articles that meet customer expectations.	/ Business model through management that seeks to improve the efficiency and effectiveness of markets, business lines and stores, rationalising and diversifying the commercial network. / Internationalisation Strategy. / The Group's multi-brand format based on omni-channelling, through the full integration of channels and new technologies as an alternative in terms of communication and sales. / Feasibility analysis of each new market, business line or store, plus subsequent follow-up. ⓘ More information in sections *3. Inditex at a glance* and *5.2. Strategy* of this Report.	→
	Competition may also emerge in the infringement of industrial and intellectual property.	/ Existence of an Industrial Property (IP) Department to supervise the use of industrial and intellectual property rights and to protect the Group's IP assets, as well as dedicated teams within the commercial areas. / Industrial and intellectual property training. / Industrial and Intellectual Property Product Control Policy. / Code of Conduct.	→
Third-party	The Group is exposed to counterparty risk from our suppliers of goods and services, especially those that are more strategic for the continuity of our operations, as well as from our customers and business partners, which could impact the normal performance of some of our operations. The Group is also exposed to the risk that financial counterparties fail to comply with their obligations in relation to investing our liquidity, credit facilities or other funding and guarantee vehicles, as well as the derivative instruments to hedge financial risks.	/ Analysis and monitoring of the financial solvency of the most important third parties for the Group, including legal, technological, operational, reputational and regulatory compliance aspects, among others. / The Group Financial Investment Policy, whose aim is to ensure the safety, integrity and liquidity of the Company's financial assets. / Financial Risk Management Policy, which determines the maximum exposure limits in terms of counterparty. / Flexibility and diversification of the value chain ensure the resilience and continuity of our operations in the event of potential disruptions derived from third party behaviour. / Creation of the Third-Party Risk Management area. ⓘ More information in section *8.3. Supplier relations* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Market crisis	The euro is the Group's functional currency. Our international transactions require the use of numerous currencies, which gives rise to foreign currency exchange risk. Currency exposure emerges in terms of net investment, translation and transaction risks. We have investments overseas whose assets are exposed to the foreign currency exchange risk. And given that we consolidate the annual accounts of our companies in euros, we are exposed to foreign exchange translation risk resulting from all our entities located outside the Eurozone. We are also exposed to the risk arising from the volatility in currencies other than the euro of payment and collection flows in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.	/ Financial Risk Management Policy. ⓘ More information in *note 26. Financial instruments and risk management policy* of the Consolidated Annual Accounts.	→
	Supply and distribution shipping is critical to our business. There is a risk of stoppage or delay in the movement and customs clearance of goods as a result of changes in the political/social situation and stability in markets where goods are produced and sold, regulatory changes, trade frictions—whether tariff or non-tariff related, and saturation of logistics infrastructures, among others.	/ In-house teams specialised in market customs regulations, which are in permanent contact with customs agencies. / Diversification of shipping points and establishment of alternative routes. / Continuous tracking of the product until it arrives at the store. / Monitoring of relevant regulations and regulatory changes.	→
Economic outlook	Our activity is subject to the risk of a potential downturn in sales as a result of economic contraction or other macroeconomic headwind generated by external factors.	/ Flexible business model based on multi-brand omni-channelling. / Territorial diversification through internationalisation strategy. ⓘ More information in sections *3. Inditex at a glance* and *5.2. Strategy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Economic variables	The Group is exposed to the risk of inflation affecting costs linked to the acquisition of the goods and services necessary to conduct our business. It is worth noting the impact of the increase in the price of the multiple raw materials, (textile and non-textile) consumed directly and indirectly in our operations, and in the procurement of goods, primarily of our products and services, particularly in relation to the transportation of supplies and distribution. ⓘ More information in note *26.Financial instruments and risk management policy* of the Consolidated Annual Accounts and in section *6.4.2. Design and selection of materials* of this Report.	/ Flexibility of the manufacturing and procurement model, allowing production to be adapted to market demand and to possible changes in the supply market environment. / Permanent contact between stores and online teams with our team of designers, through the Product Management department, helping them to learn about customer preferences. / Selective price adjustments to safeguard our margins. / Vertical integration of operations that enables to shorten production and delivery times and to reduce inventory volumes, while maintaining the ability to introduce new products throughout the season. / Monitoring of raw material markets and strategic promotion of circularity and recycling of raw materials. ⓘ More information in section *5.2. Strategy* of this Report.	↓

GEOPOLITICAL RISKS

Geopolitical risks arise from a deterioration in the political situation, a society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or between nation states that threaten operations or expected prospects.

Main risks	Description and impact	Main mitigations	Risk trend
Business environment and political instability	Potential instability in the territories where our supply chain is located, as well as where products are marketed, represents a significant risk. Socio-political instability arising from social uprisings or other causes of political violence, as well as their potential spread to other countries, may affect our ability to operate in affected territories, with the consequent impact on value chains, sales and expansion, or damage to our facilities. These circumstances may result in frictions that hinder the normal movement of goods due to political instability, infrastructure saturation, or constraints, especially on key routes, which generate bottlenecks due to mismatches between supply and demand that limit access to transport and/or erode business margins.	/ Value chain with multiple geographic origins, providing the necessary flexibility and adaptation to demand, guaranteeing alternatives to the eventual need to switch between different manufacturing markets in the event of continued severe disruptions. / Points of sale diversification. / Country risk monitoring and proximity to local markets. / Continuous analysis of the evolution of the conflict and its complex implications, implementing plans to mitigate its impact, especially in relation to its workforce in the affected markets. ⓘ More information in sections *3. Inditex at a glance*, *5.2. Strategy* and *8.3. Supplier relations* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Government and business policies, and regulatory framework	As a result of our extensive direct and indirect geographic presence, we are exposed to multiple and heterogeneous legislation in the countries where we operate. Regulatory changes, which are increasingly frequent and more intense, especially in our industry, as well as the possibility that local authorities might adopt different or even divergent interpretations in various jurisdiction, expose the Group to potential negative effects of a financial, compliance and/or reputational nature. This includes risks relating to labour, commercial and consumer law, industrial and intellectual property law, and personal data protection and privacy regulations, with particular relevance on tax and customs regulations, as well as risks relating to other legislations. Expectations of significant regulatory or policy changes that may create uncertainty for the normal development of the business model and require a financial and operational planning to ensure proper adaptation.	/ Systematic monitoring of the impacts and risks of emerging regulations that affect the business model and the proposal of operational solutions. / Business model based on a firm commitment to good governance, transparency and respect, aimed at promoting social and environmental sustainability, and spreading a corporate ethical culture in the performance of all our activities. / Continuous Compliance training. / Existence of an independent body that supervises compliance with the Internal Regulations of conduct (Ethics Committee) and a mechanism to report irregularities and non-compliances (Ethics Line). / Implementation of the model for the organisation, prevention, detection, control and management of legal and reputational risks, arising from potential non-compliance. / Policy on Donations and Sponsorships, Policy on Gifts and Invitations, and Policy on Dealings with Public Officials. / Tax Policy. / Anti-Money Laundering and Terrorist Financing Policy. / Continuous assessment of the corporate governance system in order to verify its degree of compliance with and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices. ⓘ More information in sections *8.4. Tax responsibility and transparency* and *8.1. Corporate ethics culture and solid Compliance architecture* of this Report.	→

GOVERNANCE RISK

Governance risk includes non-compliance by the Company and, in particular, by its Board of Directors and Senior Management, with the law in a formal and/or material sense, with good governance recommendations, best practices, as well as the commitments that we voluntarily undertake. It also includes risks arising from the tactical and strategic decisions of the Group's management that may result in the non-achievement of business, functional area or Group objectives, as well as risks of corruption or damage to the Company's reputation.

Main risks	Description and impact	Main mitigations	Risk trend
Business model implementation	Risks related to potential failure in the commercial offer by not anticipating trends, not being able to react and respond to changes in market trends, not providing sufficient supply to stores or not being able to continue to stand out from competitors.	/ Agility and flexibility of the business model. / Qualified teams focused on identifying the product demanded by the market and ensuring adequate supply management. / Availability of reliable data, with the necessary frequency and level of detail, providing information on the adequacy of supply to market demand. / Linking up with customers through social media and existence of different points of contact to capture tastes and expectations (stores, online sales). / Sourcing in proximity allowing a quick response to customer demand. ⓘ More information in section *5.2. Strategy* of this Report.	→
	Risk of concentration of logistics operations (procurement, storage and distribution) in a limited number of distribution centres, both own or operated by third parties, located across Spain.	/ Logistics Hub in the Netherlands. / Use of smaller logistics centres located in other countries and operated with third parties which conduct variable scale distribution operations. / Implementation of our WMS (Warehouse Management System) in all external logistics operators to ensure full operability and compatibility with our systems. / Our RFID and SINT (Integrated Stock Management System) programmes have been implemented in all retail formats. / Logistics Expansion Plan, which assesses the need and contemplates new investments if required. ⓘ More information in section *5.2. Strategy* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Non-Compliance	The Group is exposed to the risk of non-compliance with its Policy on Human Rights and other regulations we have established in this matter. In particular, non-compliance with our Code of Conduct for Manufacturers and Suppliers, defined as the minimum standards of ethical and responsible behaviour to be observed by the manufacturers and suppliers of the products we market. Furthermore, the demand for ESG (environmental, social and governance) behaviour in the fashion industry is increasing and is based on traceability and transparency.	/ Mandatory compliance with the Code of Conduct for Manufacturers and Suppliers by all those who wish to become part of the Group's supply chain. / Code of Conduct for Manufacturers and Suppliers compliance programme through different types of audits of the facilities required for production. / Ethics Line and Ethics Committee (also responsible for the application and interpretation of the Code of Conduct for Manufacturers and Suppliers). / Traceability strategy based on a management system whereby each supplier is required to know and share its supply chain data and report the facilities involved in the productions, and an verification process that confirms that production takes place in declared and authorised factories. / The Group's commitment to transparency. We share information with our stakeholders concerning our sustainability strategy, the programmes on which is it articulated, our objectives and their progress, among other topics. One of our main purposes of being transparent is the annual reporting that we conduct through this Statement on Non-Financial Information, or the information that we regularly disclose on our website. ⓘ More information in sections *5.1.2. Human Rights due diligence*, *8.1. Corporate ethical culture and solid compliance architecture* and *8.3. Supplier relations* of this Report and section *F.1.2.* of the Annual Corporate Governance Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Non-compliance	Our Group faces the risk of non-compliance with the law in a formal or material sense, with good governance recommendations, best practices or voluntary commitments. In this regard, there is a risk of non-compliance with voluntary commitments that have been publicly undertaken, especially in the area of sustainability, which exceed regulatory requirements. This includes risks related to tax, customs, anti-corruption and bribery, labour law, commerce and consumption-related regulations, industrial and intellectual property regulations and risks relating to other types of legislation, in particular criminal regulatory risks, as well as other regulatory compliance risks.	/ Global Compliance Model. / Criminal Risk Prevention Model, comprising the Criminal Risk Prevention Policy, the Criminal Risk Prevention Procedure and the Criminal Risk and Control Matrix. / The main policies approved within the framework of the Criminal Risk Prevention Model are as follows: Policy on Donations and Sponsorships, Policy on Gifts and Invitations, Policy on Dealings with Public Officials, Conflicts of Interest Policy, Anti-Money Laundering and Terrorist Financing Policy, Due Diligence Policy and the Procedure for Limiting Trade Relations with Suppliers in Restricted or Unauthorised Markets. / Ethics Line and Ethics Committee. ⓘ More information in section *8.1.2 Global Compliance Model and Criminal Risk Prevention Model* of this Report. / Data protection and privacy compliance model, considering the Compliance Policy Regarding Data Protection and Privacy as the basic rule. ⓘ More information in section *8.2.2. Personal Data Protection and Privacy of this Report.* / Annual assessment of the Corporate Governance System in order to verify its degree of compliance and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices. / Regular supervision by the Audit and Compliance Committee of the existence of possible conflicts of interest or transactions with/among related parties, contrary to the interests of the Company and/or its stakeholders. / Quarterly monitoring by the Sustainability Committee, of the progress on the commitments undertaken.	→
Products and services	We are exposed to risks related to the quality, composition and other health and safety aspects of our products.	/ Performing controls and verifications of product health and safety standards and detailed manufacturing guidelines through the Clear to Wear programmes: Product Health Policy and Safe to Wear: Product Safety Policy. ⓘ More information in sections *6.4.3. Health and safety of products* and *8.3. Supplier relations* of this Report.	→

ENVIRONMENTAL RISKS

Risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Main risks	Description and impact	Main mitigations	Risk trend
Climate change	Our performance is exposed to the potential impacts of climate change in its different manifestations of physical risk, whether chronic or acute, as well as to the risks resulting from the transition to a low-carbon economy. For physical risks, seven climate phenomena are taken into consideration: heatwave, freeze, river flooding, coastal flooding, 'temperate' and tropical storms and water stress in the river basins where our own or third-party facilities are located.	/ Decarbonisation is one of the main pillars of our Sustainability Roadmap, in line with the goals of the Paris Agreement. We have set very ambitious decarbonisation targets for our business and for our industry as a whole. / Section *6.1.5. Risks and opportunities arising from climate change* focuses on this risk under the Task Force on Climate-related Financial Disclosures (TCFD), to which the Group adhered in June 2020. ⓘ More information in sections *6.1.3.Emissions of GHG of scopes 1, 2 and 3* and *6.1.5. Risks and opportunities arising from climate change* of this Report.	→
Environmental degradation and Scarcity of natural resources	There is a risk of producing adverse effects on the environment through the release of undesirable or hazardous substances (whether biological or chemical) throughout our value chain. There is also a risk that our activities may result in negative externalities such as the loss of biodiversity, deforestation, soil degradation, or scarcity of raw materials, especially those that meet our sustainability requirements, among others. There is a need to ensure sufficient and reliable supply of lower-impact raw materials, known as preferred raw materials, to meet our sustainability commitments.	/ The Sustainability Policy sets out, among others, the environmental commitments, which are applied transversally across all its business areas and throughout the supply chain. / Environmental strategies: Biodiversity Strategy, Global Water Management Strategy and Global Energy Strategy. / Forest Product Policy. / Commitment to clean energy, lower-impact raw materials and the implementation of circularity services such as Zara Pre-Owned in key markets. / Implementation of waste management systems with strict operating requirements to allow us converting waste generated at our facilities into resources available for reuse or recycling. / Forwarding for reuse and/or recycling of the packaging materials arriving at our facilities. / Research and development of new materials and production processes with a lower impact through the corporate platform Sustainability Innovation Hub. / Collaboration projects with third parties in the field of circularity and innovation (MIT Spain, Ellen MacArthur Foundation, Global Fashion Agenda, Euratex, etcetera). / Application of the Green to Wear standard in the supply chain. ⓘ More information in section *6. Environment* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Extreme weather events	As a result of natural disasters such as floods, fires, earthquakes, etc., key business operations and shipping processes could be halted. These events could potentially affect our critical infrastructure.	Management of these risks, including mitigation measures and resilience plans, is discussed in the section on industrial accident risks. Section *6.1.5. Risks and opportunities arising from climate change* includes a sub-section concerning the physical climate impact on the Group's value chain.	→

TECHNOLOGY RISKS

This includes targeted cyberattacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

Main risks	Description and impact	Main mitigations	Risk trend
Critical infrastructure	We are exposed to the risk arising from various contingencies (incidents, sabotage or accidents) that lead to a halt or operational inefficiency of IT services or processes needed to perform the business activity.	/ Ensuring the availability of the systems by deploying technical contingency plans which, together with associated technical recovery procedures and their relevant recovery testing, would reduce the consequences of an incident, breakdown or shutdown. / Tier IV certified main data centre, which guarantees maximum reliability and high availability. / Availability of certified data centres guaranteeing high availability as well as synchronous data storage in redundant locations or duplication of equipment and lines. / Information Security Procedure: Incident Response Plan, which includes the management of incidents involving personal data from the point of view of compliance with personal data protection and privacy regulations. ⓘ More information in section *8.2.Information security and privacy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Cybersecurity	This refers to exposures that could compromise the continuity of operations and/or the confidentiality, integrity and/ or availability of our information, regardless of whether it is located in our own systems or those of third parties; and third parties' information located in our systems. We are aware that technological risks evolve exponentially, unpredictably and, in some cases, in a very sophisticated way. Thus, although information security is a priority, there is the possibility of an undetectable attack which might affect operations or information managed by us.	/ Existence of a Chief Information Security Officer (or 'CISO'), reporting directly to the Chief Executive Officer. / Creation of a Cybersecurity Advisory Committee, composed of independent experts, with the aim of reinforcing the Group's cybersecurity decision-making. / Availability of a reference framework (Information Security Policy) aimed at ensuring the confidentiality, integrity and availability of information. / Permanent control of the Information Security Management System to ensure confidentiality and integrity of information and uninterrupted development of the operations through the Information Security Department and with the support of the Information Security Committee. / Continuous review mechanisms, by the Information Security department, evaluated by internal and external audits, for the prevention, detection and response to cyberattacks. / Updating the inventory and technology and information security risk map to establish the necessary mitigation measures and ensure continuous improvement by the responsible areas. / Development of a strategic plan with international experts in order to maintain and improve the maturity of the Information Security programme. / Insurance policies to cover loss of profit, expenses arising from the attack and the Company's civil liability for damage caused to third parties. / Compliance with Payment Card Industry Data Security Standard (PCI-DSS) and ISO/IEC 27001 certification for Information Security. / Certifications required within international regulatory frameworks, such as the K-ISMS(1) in South Korea and the MLPS(2) in China. / Awareness and skill-building through employee cybersecurity training. / Procedure on Information Security Incident Response, which includes the management of incidents involving personal data from the point of view of compliance with data protection and privacy. ⓘ More information in section *8.2. Information security and privacy* of this Report.	→

(1) K-ISMS is South Korea's information security management system. This standard is managed by the Korean Internet and Security Agency (KISA). It was prepared to evaluate whether enterprises and organisations operate and manage their information security system consistently and securely such that they protect key information assets from various threats.

(2) MLPS is the multi-layer protection scheme. It is a regulatory classification scheme intended to protect the security of information systems located in China. China's Cybersecurity Law requires the network and system components to be protected against disruptions, damage, unauthorised access using a graded scale to prevent data leakage, manipulation and espionage.

Main risks	Description and impact	Main mitigations	Risk trend
Industrial accident	We face the risk of business interruption associated with the possibility of extraordinary events beyond our control (fires, transport or key supplier strikes, interruptions in energy and fuel supplies, etc.), which could significantly affect the normal functioning of our operations. The main risks of this type are concentrated at logistics centres and third party operators transporting goods.	/ Actions to reduce exposure to this type of risks, maintaining high levels of prevention and protection at all the distribution centres. Existence of insurance policies that cover both property damage and loss of profit resulting from the incident. / Optimisation of the scale and use of all logistics centres according to the volume of each retail format and the specific needs of the geographic area they serve. / Configuration of the logistics centres in a way that they can assume the storage and distribution capacity of other facilities in the event of a contingency caused by accidents or stoppages in distribution activities. / Logistics Expansion Plan, which assesses the need and envisages new investments if necessary. Phasing-in application of Radio Frequency Identification (RFID) technology in the value chain and development of new mobile robotics technologies. / Search, validation and control of external logistics operators, at different strategic points, with full integration into the Company's logistics capacity. / Diversification of shipping suppliers. ⓘ More information in section *5.2. Strategy* of this Report.	↑
Disruptive technology	We are aware that technological innovations and evolutions in a broad sense, both in customer interaction through the development of a satisfactory omni-channel experience, as well as the improvement of all operating and business processes, are essential to ensure fulfilment of our strategic objectives. The digital transformation process, which is paramount to ensure our competitiveness, is gaining pace due to the emergence and implementation of new technologies such as Artificial Intelligence and its application to the automation and optimisation of existing processes, or its transformative application in other fields.	/ Digital transformation and the promotion of digitalisation as a key transformation tool are evident throughout all our Group's operational and business processes. Digitalisation allows a more agile, efficient and accurate management of our operations, from logistics through to in-store operations. It also facilitates sales growth by integrating channels. It ensures immediate availability and accessibility of business data, obtained thanks to our full integration, with the purpose of continuing to speed up decision-making processes, manage inventory more efficiently and improve customer services service levels. / Digitalisation is key to the development of our sustainability strategy since, among other things, it makes it possible to manage supply chain traceability, allowing us to compile sustainability information. / Regarding people management, our digital vocation has enabled us to continue improving our operations, from recruitment processes to hiring. Digitalisation is critical when it comes to our team's communication and training across the world. ⓘ More information in section *5.2. Strategy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Disruptive technology	The governance, availability, quality and value of the information generated in the development of our activities is increasingly becoming a competitive advantage and is essential for the normal function of the business. This information could be from different nature: transactional and operational, financial-accounting, management, budgeting and control information. We ensure the protection of information, regardless of how it is communicated, shared, projected or stored. This protection affects both the information inside the Group and the information shared with third parties. The emergence of disruptive technologies like Artificial Intelligence will be fundamental in this area of risk.	/ Periodic review of the management information distributed to the different managers, and investment, among other areas, in information transmission systems, data analysis and intelligence for decision-making and process optimisation, business monitoring and budgeting. / Different areas across the Group, especially Planning and Management Control and Administration, which report to the Finance Area, are directly responsible for generating and supervising the quality of the information. The Information Security department is responsible for ensuring that this information is accessible and/or modified only by authorised personnel, to guarantee the reliability, confidentiality, integrity and availability of critical information. / Prodedure on Information Security Incident Response, which includes the management of incidents involving personal data from the point of view of compliance with data protection and privacy. ⓘ More information in section *8.2.Information security and privacy* of this Report. / Establishment of an Internal Risk Management and Control System in relation to the proccess of issuing financial information (ICFR), in order to continuously monitor and evaluate the main risks associated that allow to reasonably ensure the reliability of the Group's public financial information. ⓘ More information in the *Report on Internal Control on Financial Reporting (ICFR) systems.* / Ensuring the reliability of the non-financial information supplied to the market through an internal control on non-financial reporting (ICNFR) system. / The Consolidated Annual Accounts and those of all the relevant companies, as well as the Statement on Non-Financial Information, which forms part of the Management Report, are subject to independent verification by the external auditors. For the most significant companies, the external auditors are asked to make recommendations on internal controls. ⓘ More information in section *10. Independent Verification Report* of this Report.	↑

5.1.3.3. Risks that materialised over the course of the year

During this year, the macroeconomic and geopolitical environment remained uncertain and challenging. The Group ceased operations in the Russian Federation after the sale of our business in the country to the Daher Group. Operations in Ukraine remain suspended at the time of preparation of this report, although they are scheduled to be gradually reopened from April 2024.

ⓘ More information in *note 33* of the Consolidated Annual Accounts.

The conflict in the Middle East significantly worsened the business environment. The Middle East concentrates an important part of the Group's commercial activity. After the outbreak of hostilities, sales in the affected territories suffered temporarily, although operations have gradually returned to normal. So far, the main impact of the instability in the Middle East has to do with the effects on the transportation flows through the area between Asia and Europe. At the time of writing this Report, most of the container vessels from Asia carrying our goods, which normally pass through the Suez Canal, are making their way around continental Africa. As a result, average transit times have been extended by around one week, although, for the time being, there seems to be no risk of disruption to transport chains and no lack of availability of vessels and/or containers. Shipping costs may have risen as a result of higher fuel consumption and the extraordinary cost overruns. Our operations have not been significantly impacted by this situation so far.

Depending on the duration and severity of the tensions in the Middle East, transportation disruption might end up having other repercussions, from affecting other means of transport, to unforeseen increases in hydrocarbon prices that could contribute to a possible spike in inflation.

During the year many markets continued to experience very significant inflationary processes, although as the interest rate cycle normalised prices begun to moderate, while remaining far from central banks' target levels. The costs of some goods and services that make up our value chain have not yet returned to their pre-inflationary levels. Some markets have experienced pressure on labour costs as a result of the aforementioned inflationary process and also due to employment misalignments.

In this context, our cost control has continued to be systematic and rigorous. Regarding the economic environment, the normalisation of monetary policies aimed at combating inflation has not caused contractions or sudden decelerations. However, in many of the markets where we operate the economic outlook shows some fragility. There is considerable uncertainty regarding the potential economic performance and its impact on consumption.

The Group has franchised its operations in Argentina and Uruguay through an agreement with the Trade Alliance Holding Corp Group. These two markets are now operated as franchises, thus assimilating the management model chosen in most of Latin America.

The economic and geopolitical environment has generated instability and volatility in financial markets. Foreign exchange risk has been particularly concentrated on US dollar and Turkish lira. During 2023, fluctuations of non-euro currencies had a negative impact on the Company's sales growth and a slightly positive impact on the cost of goods sold. Foreign exchange rate risk continued to be pro-actively managed in accordance with the Group's guidelines based on centralized management, operational optimisation of foreign exchange exposures, maximising the benefit of diversifying the risk portfolio and monitoring risk continuously.

Although the Group has a solid cash position, measures have been intensified to guarantee and safeguard the Company's liquidity. The Group also has external sources of financing through credit facilities, mostly committed, totalling 8,155 million euros.

Over the course of the year, our activities were affected by various natural disasters, from extreme weather events in Europe and Asia to earthquakes like the one that struck Japan, affecting some of our points of sale. Nevertheless, the impact of these events was not material in terms of either disruptions to our operations or economic losses at a Group level.

ⓘ More information in *note 21* of the Consolidated Annual Accounts.

5.2. Strategy

5.2.1. Business model and strategy

GRI 2-1; 2-6; 2-23

The Inditex Group is a family of different commercial brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. All of them share the same purpose: to offer our customers an inspiring, quality and responsibly produced fashion proposal.

Inditex is present in 213 markets, with a low share in the majority of them and in a highly fragmented sector, meaning that its growth opportunities are excellent.

Our fashion distribution and sales activity is carried out through an international group of companies, the Inditex Group, whose parent company is Industria de Diseño Textil, S.A. (Inditex, S.A.), which is listed on all four Spanish stock exchanges. Details of the corporate structure at 31 January 2024 are provided in *Annex I* of the Consolidated Annual Accounts of the Inditex Group.

ⓘ Detailed information on the markets in which Inditex operates can be found in the *Consolidated Directors' Report.*

Our unique business model, which covers all the stages including the design of our products and their sale in our stores and online platforms, has enabled us, in just a few decades, to turn a small sewing workshop in A Coruña into one of the most relevant players in fashion retail in the world, grounded **on four solid pillars.**

The first of these is our ability to offer a **fashion proposal,** built on creativity, innovation, emotion, quality and, above all, on permanently listening to the needs and wishes of our customers. Our commercial brands excel in their capacity to adapt and respond to any change in the market or the irruption of any new trend, thanks to our fine-tuned production processes, with short runs that are fully adapted to demand. The importance of production in geographical areas close to our headquarters in Spain is key for us, as it allows us to prioritise flexibility and efficiently control the entire production process.

Moreover, at Inditex, we constantly strive to give our customers access to that fashion proposal through an **increasingly engaging shopping experience**, whether in our more than 5,600 stores or through the online channels of the Group's brands. We pride ourselves on having retail spaces in prime locations in the heart of the world's major cities. We rely on spacious stores fitted with the most innovative technological tools to offer the customer a unique and integrated experience with online platforms. The unique inventory system that allows a streamlined response to the market is only possible thanks to the excellent work of our teams and the continuous improvement of our logistics systems.

The key factor that explains the performance of our business model is the **extraordinary team** that makes it all possible. Inditex is made up of 161,281 passionate and curious people who are driven by the desire to excel and grow every day, regardless of their professional task or specific market. Our aim is to help all of our people develop their full potential as part of a diverse, creative and innovative team. We see our company as having a character of its own, in which attributes such as humility, ambition, high levels of individual responsibility, a sense of belonging and teamwork are not platitudes, but tangible realities that permeate everything we do and underpin the commitment of all our employees.

The fourth pillar on which our business model rests is **sustainability and responsibility,** the way we see our activity and our relationship with the surrounding environment. Inditex, which was launched with the aim of creating quality fashion and design at an attractive price, has had a comprehensive sustainability strategy since 2001, when we became one of the companies adhered to the United Nations Global Compact.

At Inditex we firmly believe in our capacity to act as an agent of change within the fashion industry and we are making remarkable efforts to reduce the environmental impact of our activity, progressing towards a circular model where waste becomes resources. Our sustainability action plan is enabling us to achieve more ambitious targets each year, such as the increasing use of preferred fibres and materials[7] in line with our recently updated sustainability objectives, to reach our goal of net-zero emissions by 2040.

Our developments in sustainability would not be possible without an equally firm commitment to innovation and research, either through our Sustainability Innovation Hub, the platform with which we are continuously seeking the best materials, approaches and processes, or through start-ups, scientific institutions and third-sector organisations that have become our partners of reference, with whom we have pledged to collaborate and invest.

Transversal and collaborative innovation

Innovation is one of the transversal axes on which the four pillars of our strategy are aligned.

Through innovation, every day we aim to be **more creative, agile, efficient and respectful** in our interactions with our customers and our surrounding community alike. And, needless to say, **we strive to hone the customer experience and strengthen customers' trust** every time they choose us.

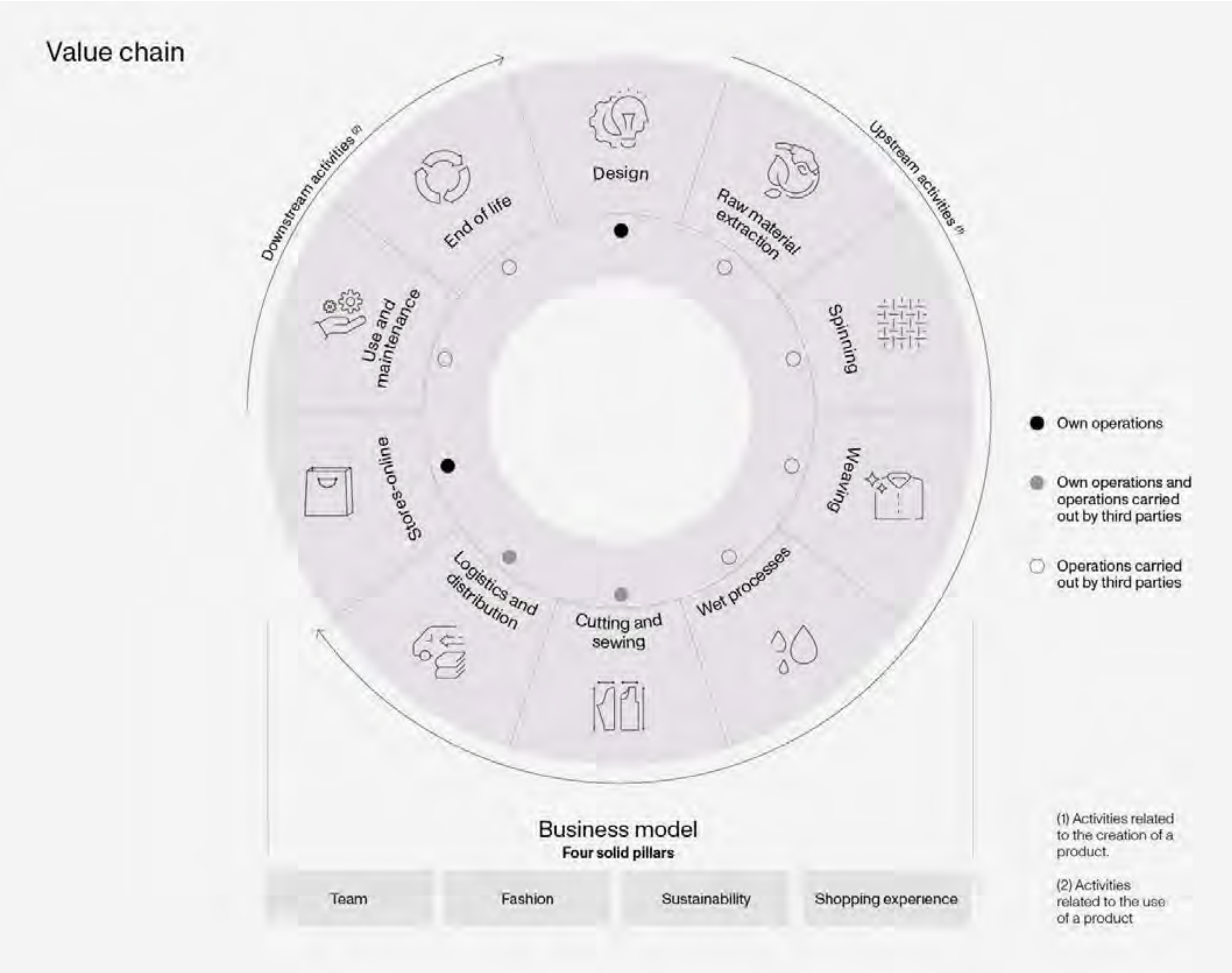
Our innovation model is **cross-cutting, flexible, collaborative and open,** not only to all the Company's areas and people, but to any organisation, entity or person with a different idea or disruptive proposal that helps build a better and more sustainable present and future.

Inditex's capacity for innovation and transformation is evidenced by the numerous projects that the Group has underway at every area and level of the Company and every stage of our value chain (design, manufacturing, transport, logistics, distribution, sales, product use and end-of-life), and will be detailed over the course of this Report. Some examples include the use of textile fibres from textile waste such as LOOPAMID® and cycora®, thanks to strategic collaborations with BASF and Ambercycle, respectively, the expansion of Zara Pre-Owned to reach 16 European markets in 2023, a platform that helps our customers to extend the useful life of our products; or the installation and testing of the physical equipment to implement new security technology and remove hard alarm tags in Zara stores globally.

Managing risk is inherent to our business model and directly responds to the precautionary principle throughout our value chain, a responsibility of each and every member of Inditex. We have systematic processes in place for identifying, assessing, recording and monitoring risks. All the main threats to our business model and its value chain (financial, geopolitical, environmental, social, technological and governance) are taken into account to ensure the proper continuity of the Group's operations. The Integrated Risk Management and Control System emanates from the Board of Directors and is articulated in the form of several regulations aimed at managing the various scenarios.

ⓘ More information in section *5.1.3. Responsible risk management* of this Report.

[7] In line with the definition established by sector's benchmark organizations such as Textile Exchange. This defines a "preferred material" as a fiber or raw material that offers beneficial results and impacts for the climate, nature and people through a holistic approach transforming fiber and raw material production systems.



Action principles

/ Code of Conduct
/ Code of Conduct for Manufacturers and Suppliers
/ Policy on Human Rights
/ Diversity and Inclusion Policy
/ Community Investment Policy
/ Procurement Policy
/ Tax Policy
/ Sustainability Policy
/ Compliance Policy
/ Criminal Risk Prevention Policy
/ Occupational Health and Safety Policy
/ Integrity Policies
/ Information Security Policy
/ Due Diligence Policy
/ Compliance Policy regarding Personal Data Protection and Privacy
/ Global Anti-Harassment Policy

ⓘ More information about Inditex's principles of action in the section 'Ethical Commitment' at our corporate website.

5.2.1.1. Our value chain

Our business model comprises the following phases: design; sourcing and manufacturing; logistics and distribution; and, lastly, sales in our physical stores and online platforms.

Design

Our more than 700 designers are at the core of our business model. Their creative talent and innate ability to interpret trends, together with the analysis of sales and the daily feedback from our stores and sales teams, enable us to intuit, and even anticipate, what our customers want.

The development of that talent is underpinned by our conviction that responsible fashion starts at the design stage. Our designers are mindful of their role and pay special attention to the materials and processes selected for our articles, thereby moving forward in the circular economy model that our Company promotes. In this regard, our commitment to innovation is pivotal, since it enables us to find alternative solutions to conventional raw materials.

Procurement and manufacturing

At Inditex we really appreciate the role our non-exclusive suppliers and manufacturers play in creating high quality products and in our value proposition. Socially and environmentally responsible management is the cornerstone of our approach to procurement and manufacturing in our supply chain. It is organised through ten clusters through which we ensure decent conditions for our suppliers' and manufacturers' workers and we further minimise the environmental impact.

Most of our end-product manufacturers are located in areas close to our headquarters in Spain, prioritising thus flexibility. This proximity, together with short production runs, gives us flexibility and control over the process, so we can adapt our commercial offering to changing trends as they arise.

Logistics and distribution

Our logistical flexibility to adapt to commercial decisions has been a key factor in our expansion across more than 210 markets.

The Group's various brands distribute their stock to stores and online warehouses around the world from our centralised logistics centres with the help of external logistic operators. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Management System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

Stores and online

All our physical stores and online platforms are merged into a single sales environment. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology to offer the best possible customer experience. We are always looking for ways to improve our stores—located in the world's most exclusive shopping hubs and equipped with cutting-edge technology—while launching innovative proposals with high-level fashion editorials for our e-commerce; always ensuring that they befit the originality and inspiration our customers have come to expect.

Use and end of life

At Inditex we are moving towards a circular economy model, in which materials can be reused, recycled or repaired. In this way we seek to reduce our dependence on natural resources and extend the life cycle of our products. We consider that textile waste can be a resource to manufacture new fabrics through technological innovations. Thanks to the Sustainability Innovation Hub, a platform that we created in 2020 to identify and test new technologies, materials and processes with the intention of scaling them to the textile industry, in 2023 we have launched collections on the market with various start-ups such as CIRC and Ambercycle with Zara or Circular Systems with Zara Home.

Additionally, to help extend the useful life of our products, we have Zara Pre-Owned, a platform that offers repair services, resale between customers and donation of used Zara clothing.

5.2.2. Sustainability strategy

GRI 2-23; 2-24; 2-28; 201-2

At Inditex we know that fashion is much more than clothing. Fashion is the mirror that reflects people's identity and it is also an instrument for change.

As a society we face urgent challenges, such as climate change or pressure on resources. These are challenges that the fashion industry can help mitigate. Consequently, our Company's commitment to sustainability has strengthened in the last few years, and is now a cornerstone of our day-to-day business.

This commitment is founded on our sustainability strategy with which, as well as contributing to the transformation of our business, the sector and the textile industry, we aim to address the demands of civil society, our customers and our employees, while meeting the requirements of our investors and the increasingly strict regulatory framework on sustainability.

The impact: the focus of our strategy

The impact is what guides us on the path to sustainability. We are mindful that our activity has an impact on the environment and people. Accordingly, continuing in the vein of recent years, our aim is to keep offering fashion products that have a lower environmental footprint, to progress towards a circular business model in which waste is turned into resources, and to achieve net-zero emissions.

Hence, we seek to support the fight against climate change, advance in environmental safeguards and contribute to people's well-being.

What we want to help protect through our strategy

Protection of elements

/ Air / Water / Ecosystems / Land / People

Pillars

/ Circularity Services
/ Fibres
/ Workers at the Centre
/ Emissions reduction
/ Contributing to biodiversity
/ Community investment

As a first step to achieve the goal of improving our impact, we continuously analyse the repercussions of our activity throughout the value chain. This encompasses the materials used to make our products, our suppliers and the product manufacturing processes. We also analyse our activities using key indicators such as the related greenhouse gas emissions, the resources we consume or the waste we generate, as well as their impact on communities and ecosystems. As part of this process, we work with environmental specialists, social organisations, trade unions and NGOs.

This analysis enables us to identify areas for improvement and to develop solutions accordingly. This, along with the collaboration and support for innovation in sustainability, helps us to keep progressing towards our goals in this matter.

We aspire to maximize the positive impacts and minimize the negative ones that our activity may have on the environment and people. We know that the path to this better impact requires long-term commitment. That is why **we have been dedicating our efforts in this regard for years.**

A journey in constant evolution

2001	We joined the United Nations Global Compact.
2007	We signed the Global Framework Agreement with IndustriALL Global Union.
2013	We joined Zero Discharge of Hazardous Chemicals (ZDHC) and published The List, by Inditex.
2016	Founding members of the Organic Cotton Accelerator (OCA).
2019	We announced our public sustainability objectives through 2025.
2021	We increased the level of ambition of our sustainability objectives for the 2040 horizon.
2022[8]	We signed an Infinna™ purchase agreement worth more than 100 million euros with Infinited Fiber Company. We invested in the startup CIRC to foster disruptive textile recycling technology. We promoted regenerative agriculture in an area measuring 300,000 hectares in India. We reached a three-year collaboration agreement with the World Wildlife Fund (WWF) to restore endangered ecosystems.
2023[9]	We pursued our commitment to new and demanding sustainability targets. We signed a purchase agreement worth more than 70 million euros for Ambercycle's cycora®, a recycled polyester made from textiles. We undertook to acquire the first available 2,000 tonnes of fibre produced from Circulose® pulp.

Our commitments: what we want to achieve

In July 2023 we announced our new sustainability commitments. This was an important milestone for our Company, with exacting pledges to fulfil in the next decade as we advance towards net zero emissions by 2040. These commitments are made as a result of our own ambition and are of global application to our value chain. They revolve around six strategic lines:

/ Fibres: we are committed to using lower impact raw materials, also named as preferred materials.

/ Product manufacturing: we foster more efficient processes that improve the impacts in the supply chain.

/ Climate change: we strive to align our activities with the goal of capping the increase in the Earth's temperature at 1.5ºC.

[8] With respect to the agreement to acquire Infinna™ from Infinited Fiber Company, the amount of the fibre purchase will be included in the consolidated financial statements as part of the product cost on the date the purchase is made. The investment in CIRC is shown under the heading Financial Investments, in the consolidated balance sheet (see *Note 18* to the Consolidated Annual Accounts).
[9] With respect to the agreement to acquire cycora® from Ambercycle and the Circulose® commitment, the amount of the fibre purchase will be included in the consolidated financial statements as part of the product cost on the date the purchase is made.

/ Circularity: we are moving towards more circular models.

/ Biodiversity: we contribute to the protection and restoration of ecosystems.

/ Community investment: we support the progress of the communities where we operate via social and environmental projects.

Roadmap 2040

2025	2030	2040
/ Obtain 100% of our linen and polyester from preferred sources. / Reduce water consumption throughout the supply chain by 25%. / Help ten million people through our corporate community investment programme. / Reach three million people in the supply chain through the Workers at the Centre strategy (fostering progress in the areas of social dialogue, living wages, health, respect and resilience). / Provide circularity services such as Zara Pre-Owned in key markets.	/ Reduce our emissions by over 50%, including our own operations and value chain. / Use only textile raw materials that have a lower impact, also known as preferred materials. / Protect, restore or regenerate five million hectares in order to improve biodiversity.	/ Achieve net-zero emissions, reducing at least 90% of our carbon footprint with respect to 2018.

Levers of change for our strategy

With the aim of improving our impact, we launched two key strategic plans: the Supply Chain Transformation Plan and the Fibres Plan.

These two plans both focus on two aspects that significantly affect our Company's sustainability and the achievement of the goals we have set ourselves as they address our supply chain operations and the raw materials we use in our products.

/ Supply Chain Transformation Plan: focuses on boosting our suppliers' and manufacturers' to achieve the sustainability goals.

With the Environmental Improvement Plan we promote the reduction of water and energy consumption while improving the management of chemical products in the facilities of our suppliers and manufacturers.

As per the social dimension we have the Workers at the Center strategy and the five Priority Impact Areas: Social Dialogue, Living Wages, Respect, Health and Resilience.

/ Fibres Plan: aims to cement that commitment and ensure that 100% of our garments are made from textile fibres from preferred or low-impact raw materials by 2030.

We estimate that, by then, about 40% of the fibres we use will be recycled, about 25% will come from organic or regenerative farming, about another 25% will be innovative fibres, which do not yet exist on an industrial scale, and the remaining 10% will be other preferred fibres in keeping with benchmarking organisations' indicators.

How we implement our strategy

Our sustainability strategy is based on several cornerstones. These include innovation, collaboration, corporate culture, sustainability governance and transparency.

We believe it takes an **innovative** approach to transform the sector and the textile industry. Hence the importance, for example, of our Sustainability Innovation Hub, through which we support innovation in sustainability, contributing expertise, capital and commitment to discover more responsible materials, approaches and processes.

ⓘ More information in section *6.4. Transition to a circular economy: resources, products and waste* of this Report.

Likewise, we see **collaboration** as essential for fostering improvement. That is why we approach sustainability holistically, integrating all activities in the value chain and promoting partnerships with the actors involved. Examples of these collaborations are with entities such as the United Nations Global Compact, the International Labour Organization, UNI Global Union, IndustriALL Global Union, The Fashion Pact, Ellen MacArthur Foundation and Zero Discharge of Hazardous Chemicals.

ⓘ More information in section *5.3.1.1. Partnerships* of this Report.

As part of our journey towards a more responsible business model, we integrate sustainability into all processes and decisions throughout our value chain. To achieve this, we implement actions that foster a **culture of sustainability** among our people, such as, for example, training in sustainability. Accordingly, in 2023, more than 15,000 employees received training on sustainability. Furthermore, our store teams are the standard bearers of our sustainability culture. This is evidenced by our Changemakers programme, a community that collects proposals and ideas about sustainability from our people and customers in stores.

In 2023, Inditex's sustainability team comprises 281 people, who together with 7,154 external partners work to make progress on our sustainability goals and strategies.

Lastly, our **governing bodies** take into account our firm commitment to sustainability in each of their decisions, a course of action that pervades the entire Company. In this regard, the work of the Sustainability Committee and the Social Advisory Board, an external advisory body on sustainability, deserves special mention.

An essential part of this commitment is **transparency** in sustainability, which we achieve by making information on our sustainability performance available to our stakeholders. In addition, this governance system is embodied in policies and strategies that ensure that sustainability is integrated into all our operations and decisions.

Furthermore, the achievement of ambitious sustainability goals and targets is linked to variable remuneration for various people in the Group. Specifically, up to 15% of the CEO's annual variable remuneration is based on compliance with sustainability policies. Likewise, 25% of the current long-term incentives for members of the management team and other employees is based on the achievement of sustainability metrics. And the variable remuneration of our office teams also takes into account sustainability performance indicators.

Sustainability Policy

The cornerstone of all these tools is our **Sustainability Policy**, approved by the Board of Directors on 9 December 2015, amended on 14 December 2020 and updated on 3 November 2022. This policy provides for the Company's principles in its relations with stakeholders and weaves sustainability practices into the business model. Moreover, it is a tool that strengthens our commitment to sustainable development and human rights as it helps ensure that our activities are respectful of people, the environment and the community.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Inditex's contribution to sustainable development

We believe that the way to reduce poverty and inequality and to fight against climate change is to achieve the 17 Sustainable Development Goals (SDGs) and their 169 associated targets. Consequently, **at Inditex we align our sustainability strategy with the SDGs**, as part of our support of the 2030 Agenda for Sustainable Development.

This process has highlighted our impacts, but also the opportunities for collaboration and for fostering sustainable development in the context in which we operate. This Report includes in-depth information on our contribution to the SDGs, presented in two ways:

/ **At the start of each chapter**, we state which goals are impacted by the actions outlined in that chapter.

/ **In a quantitative summary** that evidences our contribution through key indicators, in accordance with the guide entitled Business Reporting on the SDGs: An Analysis of Goals and Targets.

Inditex's contribution to the SDGs.
Key milestones in 2023

SDG 3
GOOD HEALTH AND WELL-BEING

At Inditex we see the promotion of health, safety and well-being at the workplace as a fundamental pillar of our activity. This is enshrined in our Occupational Health and Safety Policy, updated in 2022. Along these lines, we endeavour to implement the highest standards in terms of health, safety and well-being management systems, with more than 74% of our workers located in spaces certified to ISO 45001 standard.
Furthermore, it is crucial for us to convey our commitment to the entire value chain. To do so, this year we inaugurated a new cycle of our Workers at the Centre 2023-2025 strategy, through which we develop new projects linked to health and well-being. For this purpose, we have also renewed our International Accord for Health and Safety in the Textile and Garment Industry, which has now become the longest ever Accord commitment.
Also focusing on the community, thanks to our partnerships such as Red Cross, *Médicins Sans Frontières* (MSF) and *Medicus Mundi*, in 2023 we helped improve the health, safety and well-being of more than 1.6 million vulnerable people.

SDG 5
GENDER EQUALITY

At Inditex, gender equality and women empowerment are woven into our DNA. Accordingly, in 2023 we continued to foster inclusion in our workplaces, by signing the Group's new Equality Plan in Spain, publishing the Diversity and Inclusion Manifesto, and obtaining new GEEIS certifications for our subsidiaries.
We have also strengthened our Global Anti-Harassment Policy, aimed at prevention and at supporting victims.
Our commitment to equality also extends to our supply chain with the new cycle of our Workers at the Centre 2023-2025 strategy.
To integrate the community in our contribution to the commitment, we have continued to work in our partnerships with organisations such as Every Mother Counts or *Entreculturas*.

SDG 8
DECENT WORK AND ECONOMIC GROWTH

We create stimulating, stable and safe working environments, based on equal opportunities and professional development for all, from our own people to those working in our supply chain.
With this aim in mind, this year we inaugurated Workers at the Centre 2023-2025, a new cycle of our strategy for socially sustainable supply chain. In the last year alone, the strategy has helped 1,461,255 people through projects linked to organisations such as IndustriALL Global Union, UNI Global Union and the International Labour Organization.
Furthermore, we take our initiatives to people in or at risk of social exclusion through integration projects such as for&from, Salta and the employment programme with Caritas.

SDG 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

At Inditex our business model rests on the pillar of sustainability, so we implement responsible consumption and production practices.
For this purpose, in 2023 we approved our Fibres Plan, thereby renewing our commitment to using lower impact fibres and making further headway in the use of preferred raw materials, which now account for 68% of the total.
We also signed a purchase agreement worth more than 70 million euros for Ambercycle's cycora®, a recycled polyester made from textiles, the development of which is part of our innovation platform Sustainability Innovation Hub.
Furthermore, to convey our commitment to the community, this year we earmarked 27.7 millions euros for projects linked to responsible consumption and production, notably including the strengthening of the Moda Re- initiative with Caritas, through a contribution of 3.5 million euros in the 2023-2025 period.

SDG 13
CLIMATE ACTION

At Inditex we are committed to fighting against climate change.
This is why, in 2023, we unveiled our new sustainability commitments for the forthcoming decade.
We also developed our Climate Transition Plan, which encompasses our operations and value chain, seeking to strengthen our efforts to achieve a more efficient and circular fashion industry.
Along these lines, this year we signed agreements aimed at the decarbonisation of shipping alongside distinguished organisations such as Maersk and the NGO Smart Freight Centre.
As part of our commitment, since 2022, 100% of the electricity consumed at our facilities is obtained from renewable sources.

SDG 17
PARTNERSHIPS FOR THE GOALS

Partnerships are a key aspect of the path to the sustainable transformation of our industry, and a fundamental tool for achieving the Sustainable Development Goals.
Accordingly, we focus on collaborating consistently with the community, developing projects and initiatives with numerous local and international organisations, trade unions, governments and academic institutions, among others.
Among them, we highlight our partnerships with the International Labour Organization, IndustriALL Global Union, UNI Global Union, ACT (Action, Collaboration, Transformation), The Fashion Pact or Caritas.

Other notable contributions

Fully committed as we are to helping end poverty, in 2023 we took part in various initiatives to support people in situations or at risk of social exclusion, such as GO (Generating Opportunities: education and inclusion for a sustainable world) and Salta.
In this sphere, we work with various non-profit organisations such as Entreculturas, with which we have been able to benefit 1.5 million people worldwide since 2001; or UNHCR, with which we collaborate on a continuous basis in countries where emergency relief is needed.

In order to help eradicate hunger in the world, from our community investment programme we work alongside a number of entities, such as La Mie de Pain (France) or the Federación Española de Bancos de Alimentos (Spain).

At Inditex we prioritise the professional development of our employees through training and internal promotion. In this connection, in 2023 we provided 2.8 million training hours, reaching almost 2.3 million participants. This enabled us to cover 72% of our vacancies in-house in 2023.
Furthermore, we extend to the community our efforts to foster access to education through collaborations with the NGO Entreculturas (in primary and secondary education) and academic institutions such as Tsinghua University, University of Dhaka, University of A Coruña and MIT, among others (university level).

In 2023, we continued to advance in our goal of reducing water consumption in our supply chain. For this purpose we continue to collaborate with our supply chain in the implementation of environmental improvement plans. Along these lines, we work with organisations like Water.org in multiple initiatives, including the Water & Climate Fund, aimed at developing projects to improve global water and sanitation infrastructure, through the execution of climate-friendly interventions in countries such as Brazil, Indonesia, the Philippines, Kenya, Mexico, India and Malawi. This partnership has allowed us to improve access to water and sanitation for 1 million people in 2023.

For the second consecutive year, in 2023 we achieved our target of 100% renewable electricity consumption at our facilities.
Moreover, we currently have two Virtual Power Purchase Agreements (VPPA) in place for the next 10 and 12 years, as well as we promote self-consumption initiatives such as the Outer Port Wind Facility in A Coruña, which is scheduled to enter into service in 2026.

Our business model places innovation as a cornerstone for the transformation of the industry at all stages of the value chain.
Accordingly, in keeping with our commitment to sustainability, we have developed our Sustainability Innovation Hub, through which we are continually seeking the best materials, approaches and processes for manufacturing. And along the same lines, we continually collaborate with innovative startups such as CIRC and Ambercycle.

At Inditex we carry out numerous community investment initiatives focusing on our goal of reducing inequality. As part of this, in 2023 we earmarked 21.6 million euros for this purpose, working internationally with organisations like Entreculturas, the Red Cross, Caritas or the Red Crescent.
For the fourth consecutive year, we also activated a collaboration with UNHCR through which more than 1.2 million articles were donated for refugees from Uganda, Greece and Ukraine, among other countries.

In 2023 we carried out numerous projects aimed at contributing to this SDG. Among these, we highlight the collaborations with organisations dedicated to protecting and safeguarding the world's cultural heritage.
In Spain, these include projects with the Reina Sofía National Art Museum, the Spanish Real Academy and the Teatro Real opera house.

In 2023, we maintained our commitment to preserving below water life. Among other initiatives, we dedicated part of our efforts to preventing the release of microplastics. In this connection, our detergent The Laundry has been scaled up to industrial level, and we have developed innovation projects such as the presentation of our Air Fiber Washer industrial washing system together with Jeanología.

At Inditex we work with a number of initiatives to protect life in Earth's ecosystems. Evidence of this is our work with WWF, helping to protect and restore endangered ecosystems worldwide. Also in this sphere, in 2023 we joined Conservation International in its Regenerative Fund for Nature project, that promotes regenerative farming and stockbreeding practices.
In addition, we have joined the Deforestation-Free Call to Action for Leather, a Textile Exchange and the Leather Working Group initiative focusing on ensuring brands source their bovine leather from deforestation-free supply chains.

Inditex has a robust corporate governance and compliance system aimed at showing our firm commitment to good governance and social and environmental sustainability, and conveying that corporate ethical culture to all our stakeholders.

5.3. Stakeholders

Material topic: Good governance and integrity

5.3.1. Stakeholder engagement

GRI 2-1; 2-6; 2-12; 2-16; 2-28; 2-29; 3-3

Our stakeholders are entities or groups that are related to Inditex –both throughout our value chain and in the communities in which we carry out our activity– and which have the capacity to influence our Company with their decisions and opinions.

Our approach to stakeholder engagement includes identifying and grouping stakeholders according to how they relate to our business model. Thus, our main stakeholders are:

/ Employees

/ Customers

/ Suppliers

/ Community

/ Environment (represented by various environmental organisations)

/ Shareholders

We base our relationship with stakeholders on two principles, enshrined in our Sustainability Policy:

1) **Transparency,** which helps us to establish a bond of trust with them.

2) **Continuous dialogue,** which allows us to meet our stakeholders' demands and needs and join forces to achieve common goals, such as protecting the planet and its resources or advocating for human and labour rights.

To realise these principles, we use strategies, goals and channels of communication and dialogue that are constantly being updated.

Moreover, we have policies that define the principles of the relationship with each stakeholder group, such as our Code of Conduct, our Code of Conduct for Manufacturers and Suppliers or our Policy on Human Rights, among others.

How we relate to our stakeholders

Identification
We identify all the stakeholders that may have dealings with Inditex throughout the value chain and in the environment in which we operate.

Prioritisation
We classify and determineinate stakeholders priority based on our business model and value chain.

Definition of the strategy
We define a specific strategy for each group of stakeholders, including concrete objectives, commitments and dialogue tools.

The Company's main stakeholders, as well as the tools for engagement and dialogue with them, are as follows:

Inditex's main stakeholders and engagement and dialogue tools

■ Constant dialogue ■ Biannual ■ Annual ■ On demand

Inditex's main stakeholders	Specific engagement and dialogue tools	Our specific commitments
Employees Any person who works at Inditex. / Employees from our own stores, offices, logistic centres and factories. / Union representatives	Ethics Committee Agreement with UNI Global Union Internal training and promotion Internal communication Volunteer programmes Information Security and Data Protection and Privacy departments	/ Respect for Human and Labour Rights / Fair and decent treatment / Respect for privacy and personal data protection / Commitment to information security
Customers Every person who purchases any product sold by the various brands of the Inditex Group. / Physical store customer / Online store customer / Potential customer	Specialised customer service teams specialising in customer service Physical and online stores Social media Information Security and Data Protection and Privacy departments	/ Clear and transparent communication / Integration throughout the business model / Responsible design and manufacturing / Respect for privacy and personal data protection / Commitment to information security
Suppliers Companies that are part of Inditex supply chain and their respective employees. / Direct suppliers, manufacturers and supply chain workers / Trade union organizations / International organisations	Supplier clusters Ethics Committee Sales and sustainability teams Framework Agreement with IndustriALL Global Union Information Security and Data Protection and Privacy departments	/ Promotion and protection of core human and labour rights and international standards / Promotion of sustainable production environments / Respect for privacy and personal data protection in the provision of services
Community All those persons or entities that form part of the environment in which Inditex carries out its activity. / NGOs / Governments and public authorities / Academic institutions / Civil society / Media	Social Advisory Board Commitments to NGOs Sponsorships and Patronage Committee	/ Contribution to social and economic development / Commitment to improving global welfare
Environment Set of natural elements present in the environment in which Inditex develops its business model. / Environmental protection organisations / Governments and public authorities	Social Advisory Board Commitments to NGOs Sustainability teams	/ Respect for the environment / Conservation of biodiversity / Sustainable management of resources / Fight against climate change
Shareholders Any person or entity who owns shares in the Inditex Group. / Institutional investors / Individual investors	Annual General Meeting Sustainability indices Investor relations	/ Social interest and interest common to all shareholders / Fostering informed engagement

Common engagement and dialogue tools

Sustainability Committee	Materiality Analysis	Social Advisory Board	Strategic partnerships	Corporate Website	Annual Report

Our common commitments

Outstanding engagement and dialogue tools

At Inditex we have been cultivating dialogue with our stakeholders on sustainability for decades. For example, in 2002 we set up our **Social Advisory Board,** an advisory body composed of independent external individuals people from outside the Company which, among other tasks, is responsible for establishing and institutionalising dialogue with key partners from civil society.

Another key tool that helps us nurture communication with our stakeholders is our **Sustainability Committee,** set up in **2019.** Among other tasks, this Committee oversees relations with stakeholders in the area of sustainability.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Moreover, every year at Inditex we carry out a **materiality analysis** with the aim of identifying the most important issues for our stakeholders. The findings of this analysis tells us what they need and expect from our Company and, consequently, it is a very valuable guide when it comes to defining priorities, establishing strategies and progressing in the creation of economic, social and environmental value.

ⓘ More information in section *5.3.2. Materiality analysis* of this Report.

Shareholder relations

Ownership structure and shareholder remuneration

We implement a policy of transparent and fluid communication with all shareholders. Our best practices keep us at the top of selective and benchmark indices from both the financial and sustainability best practices standpoints.

The overview of the ownership structure[10] of Inditex is as follows:

Inditex's shareholders 31/01/2024

Shareholder remuneration

The shareholder remuneration policy, approved by the Inditex Annual General Meeting, aims to offer an attractive, predictable and sustainable dividend over time. This policy prioritizes maintaining a high level of funds to guarantee investment in the Company's future growth and ensure value creation.

Inditex's dividend policy combines a 60% ordinary payout and the additional distribution of bonus dividends. A dividend of €1.20 gross per share against 2022 results and unrestricted reserves was paid in May and November 2023, made up of two equal payments of €0.60 per share.

In 2024, the Board of Directors will propose to the Annual General Meeting a gross dividend of €1.54 per share, being comprise of €1.04 per share ordinary dividend and €0.50 per share bonus dividend,against 2023 results and unrestricted reserves. This dividend will be distributed in two equal payments of €0.77 per share, to be paid on 2 May and 4 November 2024, respectively.

Indices

Inditex is listed in selective and benchmark indices, from the perspective of both its financial performance and best practices in ESG matters. More information in section 3.3. Recognition of this Report.

Investor relations

Inditex's relations with its shareholders, are governed by the Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers, approved by the Board of Directors in December 2015, as well as by the Regulations of the Board of Directors.

Inditex guarantees the market equal access to information through all its channels. The Inditex website plays a very important role in implementing this transparent communication policy and in guaranteeing access to information. A comprehensive list of the entities and analysts who compile research on Inditex is also published on the corporate website.

Individual Shareholders' Department

The Individual Shareholders' Department is responsible for communication with individual shareholders. Using this channel, individual shareholders can request any information that they consider relevant on Inditex's performance. In 2023, the Department fielded more than 800 requests.

The Department activity takes on particular significance when the Annual General Meeting, which traditionally takes place at the Arteixo (A Coruña) headquarters, is called and held.

ⓘ More information in section *"Investors"* on Inditex's corporate website.

Investor Relations Department

/ 35 financial and stock market entities publish research on Inditex's market position.

Material information concerning the business performance is provided on Inditex's corporate website and it is also distributed to a database of investors and analysts containing more than 1,100 entries. To complement this information, the Investor Relations staff hold quarterly, open-access conference calls and presentations to analysts and investors throughout the year in the world's leading financial capitals.

[10] Shares in the Company are represented through book entries. The record of these book entries is kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores* (Iberclear). Inditex has contracted with Iberclear the service for daily communication of ownership (Shareholder Registry Book - LRA).

5.3.1.1. Partnerships

Partnerships with organisations and institutions are paramount for Inditex, as they enable us to join forces with key players to move inexorably towards a positive transformation of our sector, industry, society and planet.

Indeed, these partnerships help us contribute to achieving the SDGs and create economic, social and environmental value both in our value chain and in the communities where we operate.

That is why we cultivate partnerships with a number of governments, trade unions, academic institutions, local and international organisations and representatives of civil society.

In 2023 we maintained essential partnerships and established new collaborations, such as our agreements with International Apparel Federation, Conservation International, Reimagining Industry to Support Equality (RISE) and One Planet Business for Biodiversity (OP2B).

ⓘ More information in the document *Partnerships* on Inditex's corporate website.

Positive impact on the people in our value chain and on the community

Protecting the environment and fighting against climate change

Transversal partnerships with social, environmental and governance impact

5.3.2. Materiality analysis

GRI 2-4; 2-12; 2-29; 3-1; 3-2; 3-3

In 2023 we performed our materiality analysis for the thirteenth consecutive year. This exercise enables us to identify the material content to be included in this Report.

The materiality analysis also provides a listening channel which enable us to identify the most relevant issues for our stakeholders both internal, such as our employees, and external, such as international organisations, trade unions, NGOs, universities or local communities, among others.

This analysis has a double materiality focus, analysing the Company's potential impacts on the environment (impact materiality) and how these same issues impact the Organisation itself (financial materiality).

To conduct this assessment, we followed the guidance provided by the European Financial Reporting Advisory Group (EFRAG), published in the European Sustainability Reporting Standards (ESRS), to support implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD). We also follow the recommendations outlined by the Global Reporting Initiative in its GRI 3: Material Topics 2021 standard.

This analysis begins with a contextual review of the Company that allows us to identify potentially material impacts, risks and opportunities, that will inform our sustainability strategy. In this regard, our constant communication with stakeholders along the value chain, the human rights due diligence processes we conduct and the knowledge of our own teams play an important role.To determine whether these impacts, risks and opportunities are material, we assess the following parameters:

/ **Scale:** how severe or beneficial the impact, risk or opportunity is or would be for people or the environment.

/ **Scope:** how widespread the impact, risk or opportunity is, based on the geographic extent of the damage and the stakeholders affected.

/ **Irremediable character:** when the impact or risk is negative, how hard it is to counteract or remedy the harm.

/ **Likelihood:** chance of a potential impact, risk or opportunity happening.

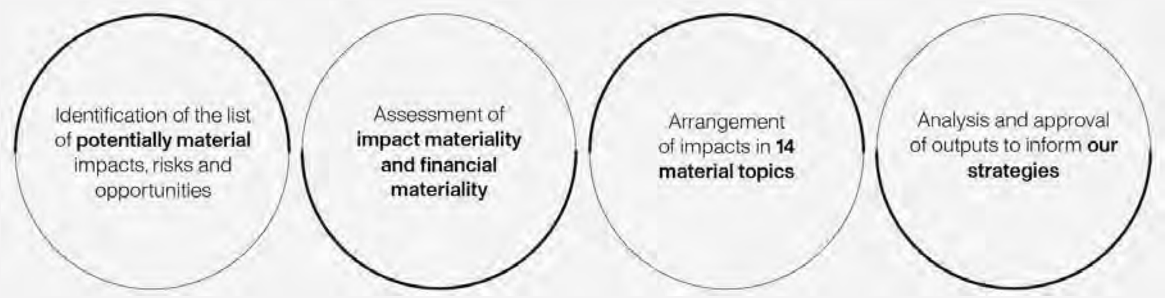
In addition to this exercise, we conducted an assessment of the financial materiality of each impact in order to maintain a **double perspective of materiality** in our analysis, in line with ESRS requirements. To determine financial materiality, we held workshops with expert areas (internal stakeholders) in which we consulted on the financial effect of impacts on the Company in the short, medium and long term, in line with the Company' risk map exercise. In addition, we gauged the probability of these financial impacts occurring in each of the mentioned time frames.

Following EFRAG's recommendations on the establishment of materiality thresholds, we have processed our findings to assess whether the identified impacts, risks and opportunities are material for Inditex. Based on this assessment and after their grouping, we obtained a list of material topics according to the importance of their impact on the environment (impact materiality) and their relevance for the development of the Company's business model (financial materiality).

This year, 14 material topics are featured, four less than the previous year due to having streamlined the grouping of identified impacts, risks and opportunities. Topics such as Water Management, Information security and privacy, and Diversity, equality and inclusion appear as separate entities. Equally, this year the topics Stakeholder engagement, Innovation, Risk management and control systems and Human Rights are not included given that , being transversal, they are already reflected in the other topics.

We have also identified those impacts, risks and opportunities that could have an impact on human rights. For this purpose, we used as a reference the human rights due diligence exercise carried out in collaboration with Shift. Our findings are shown in the materiality table, where we include those topics that entail human rights impacts.

Process to develop Inditex's double materiality



Identifying Inditex's impacts, risks and opportunities

potential and real, positive and negative that Inditex has on the environment and on people, including the impacts on human rights, by compiling a broad list that we use as a reference:

/ Issues addressed by stakeholders over the course of the year
/ Current and future applicable legislation
/ Topics highlighted in the benchmark reporting standards
/ Material topics at other companies in the sector
/ Issues addressed in our Ethics Line
/ Trends in the industry
/ Criteria considered by financial analysts
/ Analysis of Social and Digital Media

Based on the broad list of impacts, a review is performed to pinpoint any duplicates, overlaps and absences of links to the Company's activity.

Impact materiality

obtained by calculating variables:

Scale

Evaluated by reviewing 182 surveys to:

/ internal stakeholders
/ external stakeholders*

Scope, irremediable character and probability

Evaluated through interviews with members of Inditex management and heads of relevant areas.

Financial materiality

Impact on the Company's financial position

Evaluated by means of workshops with the heads of relevant areas and in line with the Company's risk map exercise.

Grouping into 14 material topics

of the 58 identified impacts, risks and opportunities.

Verification of the results both internally, by the Company's management and the Sustainability Committee, and externally, by the Social Advisory Board.

*In 2023, representatives from more than 90 organisations of different kinds took part. The participants include, among others: Inditex's Social Advisory Board, Accelerating Circularity, AFIRM Group, *Comisiones Obreras*, the Company's European Works Council (EWC), Conservation International, Fashion for Good, *Foro Social de la Industria de la Moda de España*, *Fundación Entreculturas, Fundación Seres,* Greenpeace, OCA (Organic Cotton Accelerator), *Médecins Sans Frontières,* Open to All, *Plena Inclusión, Red Española del Pacto Mundial de las Naciones Unidas* (United Nations Global Compact Local Network), UNICEF (the United Nations Children's Fund), University of Santiago de Compostela and WWF.

Material Topics 2023

	Impact materiality	Financial materiality
Climate change	●	●
Pollution	●	●
Water management	●	●
Biodiversity and ecosystems	●	●
Circular economy and efficient use of resources	●	●
Fair working conditions	●	●
Health, safety and well-being	●	●
Diversity, equality and inclusion	●	●
Talent management	●	●
Information security and privacy	●	●
Value creation in the community	●	●
Transparency and quality of the information	●	●
Good governance and integrity	●	●
Responsible management of the supply chain and traceability	●	●

Material topics affecting human rights.

5.3.2.1. Balance of material topics

Material topic	GRI Standards	Contents	Chapter	Coverage[1]	Involvement[2]
Climate change	GRI 3: Material topics 2021 GRI 302: Energy 2016 GRI 305: Emissions 2016	3-3 302-1 to 302-5 305-1 to 305-7	6.1. Climate change		
Pollution	GRI 3: Material topics 2021 GRI 303: Water and effluents 2018 GRI 305: Emissions 2016 GRI 306: Waste 2020	3-3 303-1 to 303-5 305-1 to 305-7 306-1 to 306-5	6.1. Climate change 6.2. Water management 6.4. The transition to a circular economy: resources, products and waste		
Water management	GRI 3: Material topics 2021 GRI 303: Water and effluents 2018	3-3 303-1 to 303-5	6.2. Water management		
Biodiversity and ecosystems	GRI 3: Material topics 2021 GRI 304: Biodiversity 2016	3-3 304-1 to 304-4	6.3. Biodiversity and ecosystems		
Circular economy and efficient use of resources	GRI 3: Material topics 2021 GRI 301: Materials 2016 GRI 306: Waste 2020	3-3 301-1 to 301-3 306-1 to 306-5	6.4. The transition to a circular economy: resources, products and waste		
Fair working conditions	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 402: Labor/management relations 2016 GRI 407: Freedom of association and collective bargaining 2016 GRI 408: Child labor 2016 GRI 409: Forced or compulsory labor 2016	3-3 401-1 to 401-3 402-1 407-1 408-1 409-1	7.1. Our people 7.2. Workers in the supply chain		
Health, safety and well-being	GRI 3: Material topics 2021 GRI 403: Occupational health and safety 2018 GRI 416: Customer health and safety 2016	3-3 403-1 to 403-10 416-1 to 416-2	7.1. Our people 7.2. Workers in the supply chain 7.4. Our customers		
Diversity, equality and inclusion	GRI 3: Material topics 2021 GRI 405: Diversity and equal opportunity 2016 GRI 406: Non-discrimination 2016	3-3 405-1 to 405-2 406-1	7.1. Our people 7.2. Workers in the supply chain		
Talent management	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 404: Training and education 2016	3-3 401-1 to 401-3 404-1 to 404-3	7.1. Our people		
Information security and privacy	GRI 3: Material topics 2021 GRI 418: Customer privacy 2016	3-3 418-1	8.2. Information security and privacy		

Material topic	GRI Standards	Contents	Chapter	Coverage[1]	Involvement[2]
Value creation in the community	GRI 3: Material topics 2021 GRI 201: Economic performance 2016 GRI 203: Indirect economic impacts 2016 GRI 207: Tax 2019 GRI 413: Local communities 2016	3-3 201-1 to 201-4 203-1 to 203-2 207-1 to 207-4 413-1 to 413-2	7.1. Our people 7.3. Communities 8.3. Supplier relations 8.4. Tax responsibility and transparency		
Transparency and quality of the information	GRI 3: Material topics 2021 GRI 417: Marketing and labelling 2016	3-3 417-1 to 417-3	7.4. Our customers		
Good governance and integrity	GRI 3: Material topics 2021 GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive behaviour 2016 GRI 415: Public policy 2016	3-3 205-1 to 205-3 206-1 415-1	5.1. Corporate governance 5.3. Stakeholders		
Responsible management of the supply chain and traceability	GRI 3: Material topics 2021 GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016	3-3 308-1 to 308-2 414-1 to 414-2	7.2. Workers in the supply chain 8.3. Supplier relations		

1. Indicates where the impact is effected, inside or outside of the organisation, or both.
2. Indicates the organisation's involvement with respect to the impact.
Direct: The organisation is directly linked to the impact.
Indirect: The organisation is linked to the impact through its business relations.

Inside the organisation Outside the organisation Inside and outside the organisation Direct Indirect

6
Environment

6.1 Climate change

Material topic: Climate change; Pollution

6.1.1. Climate ambition and goals

GRI 2-23; 2-24; 3-3

At Inditex our commitments are fully aligned with the goals of the Paris Agreement, which aims to cap the increase in global temperature at 1.5ºC. To achieve this we focus on reducing greenhouse gas (GHG) emissions in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC) and the UN Fashion Industry Charter for Climate Action.

Additionally, in 2023 we devised our new Climate Transition Plan, which charts our lines of action and the resources we estimate will be needed to attain our goals. The Plan is available at our corporate website.

ⓘ More information in section *6.1.2. Our Climate Transition Plan* of this Report.

Also in 2023, we introduced our new sustainability commitments, including the new science-based climate targets (SBTs) that we hope to achieve over the next decade.

Our climate commitments

2025:

/ Provide circularity services such as Zara Pre-Owned in key markets. This will help reduce pressure on resources and cut emissions linked to manufacturing.

/ Obtain 100% of our linen and polyester from lower impact sources, also called preferred sources[1]. This will allow us to minimise emissions in the cultivation and production of these raw materials.

/ Reduce our water consumption throughout the supply chain by 25%. And, accordingly, the emissions associated with managing, handling and heating water during manufacturing processes.

2030:

/ Reduce our emissions by more than 50%, including our own operations and value chain. To achieve this we will pare our absolute scope 1 and 2 emissions (i.e. our own emissions) by 90% and our scope 3 emissions (value chain) by at least 50%, with respect to 2018[2].

/ Use only textile raw materials that have a lower impact, also known as preferred materials. With the aim of reducing, among other things, the climate impact of cultivating and producing raw materials.

/ Protect, restore or regenerate 5 million hectares in order to improve biodiversity. This will also allow us to strengthen the resilience of ecosystems and boost natural carbon capture.

2040:

/ Achieve net-zero emissions, reducing at least 90% of our carbon footprint with respect to 2018. The remaining 10% are emissions that are especially challenging to reduce and that will be neutralised by actions to absorb these greenhouse gases.

(1) In accordance with the definition of industry benchmark organisations, such as Textile Exchange. This defines a preferred material as "a raw fiber or material that delivers ongoing beneficial outcomes and impacts for climate, nature, and people through a holistic approach to transforming raw fiber and material production systems". We also include in this definition fibers that meet other requirements of excellence outlined by other relevant organizations such as Canopy and Changing Markets.

(2) The value chain includes the following categories of our scope 3 emissions: purchased goods and services (category 1), fuel- and energy-related activities (category 3), upstream transportation and distribution (category 4), waste generated in operations (category 5), business travel (category 6), employee commuting (category 7), end-of-life treatment of sold products (category 12) and franchises (category 14). The base year was chosen in accordance with SBTi's criteria for the completeness, verification, representativeness and ambition of the emissions inventory.

In 2023 we also submitted to the Science Based Targets initiative (SBTi[11]) the update of our climate commitments to 2030, including our roadmap to achieve net zero emissions in 2040. It is important to note that, since we presented our 2030 decarbonisation targets to SBTi in 2019 for first time, scientific knowledge on climate change has evolved. Accordingly, so has our commitment, which we have adapted to match the latest guidelines.

This continuously evolving work is also evidenced by our attention to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which enables us to analyse future climate scenarios and their associated risks and opportunities. This allows us to pursue a decarbonisation strategy that is consistent with science as well as being resilient and competitive in the short, medium and long term.

ⓘ More information in section *6.1.5. Risks and opportunities arising from climate change* of this Report.

Our climate commitment is aimed at supporting the transformation of the sector and the textile industry through collaboration and innovation. On the one hand, by cultivating reflection with our stakeholders on the need to replace fossil fuels, promote renewable energies and improve the impact of our use of raw materials and resources. And, on the other hand, by investing in innovative projects that enact this change.

6.1.2. Our Climate Transition Plan

GRI 2-24; 3-3

In 2023 we devised our new Climate Transition Plan, which evidences our commitment to a more efficient and circular fashion industry capable of tackling the climate challenge. It is available at the Group's corporate website.

The lines of action charted in our Climate Transition Plan encompass our operations and value chain, and focus on the following aspects:

Reduction

The main focus of our actions is on abating greenhouse gas (GHG) emissions related to our products throughout our value chain. In this regard, the actions we have identified to achieve the necessary reductions revolve around:

/ Use of improved energy sources

/ Optimisation of energy management

/ Promoting circularity and the use of preferred materials

Neutralisation

According to the SBTi, companies must neutralise the climate impact of any residual emissions by removing and permanently storing carbon from the atmosphere.

[11] The Science Based Targets Initiative (SBTi) was launched in 2015 as a collaboration between CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF) to help businesses set emissions reduction targets based on the scientific consensus and the goals of the Paris Agreement.

Our efforts in this connection will come from both inside and outside the value chain, by promoting and fast-tracking regenerative practices, and implementing other nature-based solutions.

The weight of each line of action will develop as the frameworks evolve, in accordance with their specific availability and scale, but, in any event, will be consistent with the science and will target emissions that have not been reduced.

Mitigation beyond the value chain

In addition to actions implemented in our value chain, it is crucial to develop initiatives that reach beyond our business so as to help mitigate the worst effects of climate change, especially with solutions that foster biodiversity or the well-being of communities.

We promote sustainable practices to improve soil health and reduce environmental impacts. Our partnership with WWF focuses on restoring forests and freshwater and marine ecosystems, and thus, we have an agreement[12] for more than 10 million euros. We also contribute in various regions to restoring endangered ecosystems, including those affected by forest fires. In addition to forests, we are also involved in the restoration of river basins and aquatic ecosystems in North Africa and Vietnam.

ⓘ More information in section *6.3. Biodiversity and ecosystems* of this Report.

Interim milestones and estimated investment

We have submitted to SBTi our updated strategy for cutting our emissions associated with our business[13] by over 50% reduce by 2030 compared to 2018. We expect this to help us advance in the right direction so as to achieve net-zero emissions by 2040, by reducing our scope 1, 2 and 3 emissions by 90% compared to 2018, while the remaining 10% will be neutralised through carbon sequestration initiatives.

As an interim milestone to track our progress, we are targeting a scope 3 20% reduction by 2027 compared to 2018. To this end, we have developed an ambitious Roadmap, which we estimate will require financial resources of around 2 billion euros[14] until 2030, in terms of cost of sales, operating expenses and, to a lesser extent, investments.

This impact is considered not to be significant in the evolution of the corresponding results and financial position of the Group, especially considering that it may be mitigated by obtaining greater efficiencies both in the supply chain and in the Group's own operations.

6.1.3. Emissions of GHG of scopes 1, 2 and 3

GRI 2-4; 2-27; 3-3; 302-1; 302-2; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 308-2; AF21

We continually work in search of solutions that allow us to reduce the GHG emissions throughout our entire value chain. These efforts focus mainly on our Supply Chain Transformation Plan, our Fiber Plan, the implementation of circularity and efficiency programs, and the protection and conservation of ecosystems.

/ **The transition to renewable energy sources**: since 2022, 100% of the electricity consumed in our own facilities (headquarters, international offices, logistics centres, factories and stores) has come from renewable sources.

/ **Fostering energy efficiency**: we have reduced our relative energy consumption per square meter and per euro of sale by 19% and 40%, respectively, as compared with 2018.

/ **Integrating more sustainable processes in our supply chain**: we are currently working to increase the use of preferred fibres (fibres with a better impact), contribute to organic and regenerative farming and support our suppliers in processes to reduce energy and water consumption.

/ **Preserving ecosystems**: we collaborate with international organisations dedicated to fostering regenerative farming and stockbreeding practices and to protecting and restoring ecosystems.

[12] This amount will be incorporated into the consolidated income statement under the Operating Expenses heading as each of the actions/projects to be carried out are executed.
[13] It includes scopes 1, 2 and the following scope 3 emissions according to the GHG Protocol: purchase of goods and services (category 1), fuel and energy related activities (category 3), upstream transportation and distribution (category 4), waste generated in operations (category 5), business trips (category 6), displacement of workers (category 7), end-of-life treatment of products sold (category 12) and franchises (category 14).
[14] This amount will be incorporated as cost of sales, operating expenses or investment as the actions and projects of the Plan are executed.

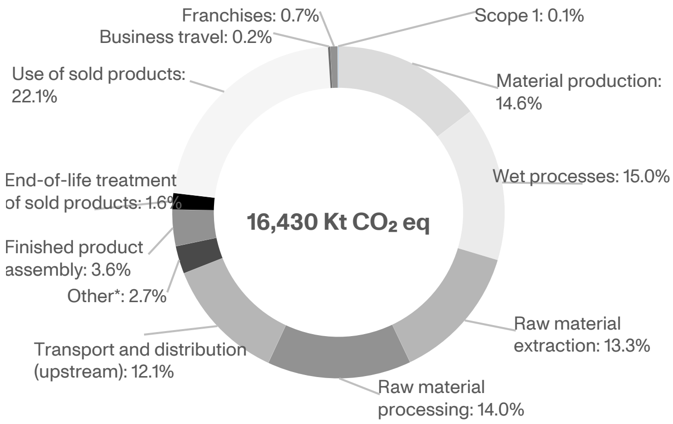
Scope 1, 2 and 3 GHG emissions (t CO_2eq) (1)(2)

GHG emissions	2023	2022	2018
Scope 1	11,512	11,232	19,172
Scope 2 market-based	0	0	419,448
Scope 2 location-based	427,885	451,430	651,266
Scope 3[15]	16,418,450	15,607,245	16,389,372
Kg CO_2eq per m^2 (market-based scope 1+2)	2	2	58
g CO_2eq per € (market-based scope 1+2)	0	0	17
g CO_2eq per € (market-based scope 1+2+3)	460	481	644

(1) More information on the calculation methodology in the section *How we calculate our emissions* of this chapter.

(2) Scope 1, 2 and 3 GHG emissions do not include carbon credits.

Scope 1, 2 and 3 GHG emissions



* The "Others" category comprises the GHG emissions associated with capital goods, employee commuting, fuel- and energy-related activities, waste generated in our own operations and downstream leased-assets.

In 2023, our total GHG emissions have remain stable compared to 2018. Regarding the categories subject to our new public objective by 2030, the GHG emissions have increased by 4% over our 2018 base year. During the year, the Company has managed to reduce its scope 1 and 2 emissions by 97% compared to 2018. Likewise, the firm commitment to the use of preferred raw materials, which in the last campaign of 2023 already accounted for 68% of the total used by the Group, has allowed us to reduce emissions associated with the extraction of raw materials by 6% (scope 3). The gradual implementation of our Supply Chain Transformation Plan, as set out in our Climate Transition Plan, will allow us to make progress in reducing emissions associated with the rest of the scope 3 categories.

Scope 3 also includes emissions linked to the transportation of the products we market. In 2023, the emissions associated with upstream transport (inbound and outbound) were equivalent to an energy consumption of 3,444,255 MWh and 4,526,850 MWh, respectively (1,791,523 MWh and 4,031,013 MWh in 2022).

Furthermore, estimated electricity consumption in franchised stores amounted to 256,174 MWh and business travel consumption was 140,033 MWh (262,397 MWh and 130,381 MWh in 2022).

Emissions calculation methodology

We calculate and report the Inditex GHG emissions in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC - Guidelines for National Greenhouse Gas Inventories, 2006) and the World Resources Institute (GHG Protocol, 2015), which divide emissions into scopes 1, 2 and 3.

The reported GHG emission are calculated in accordance with our Company's financial control approach and include the gases CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3, and are expressed in units of CO_2 equivalent (CO_2eq).

[15] Historical scope 3 emissions have been recalculated based on methodological improvements. In certain categories where we do not yet have primary data, regional conversion factors more specific to our sector have been used. They have been provided by Risilience, the academic partner of the Center for Risk Studies at the University of Cambridge. More information about the affected categories in the Emissions calculation methodology section of this Report

How we calculate our emissions

Scope	Description	Methodology	Emission factors
Scope 1	Direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).	Scope 1 emissions are calculated based on the total consumption of fuel and their corresponding emission factors. Emissions associated with fuel consumption in stores and international offices as well as the possible occasional leaks (or spot leaks) of HFC and PFC gases from air conditioning units in those facilities are not included.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023. MITECO (Ministerio para la Transición Ecológica y el Retro Demográfico) v.2.0. 2022
Scope 2	Indirect emissions related to the generation of electricity acquired and consumed by the Inditex Group.	Scope 2 emissions are calculated based on the consumption of electricity in each market and their corresponding emission factors.	*Location-based method:* / IEA (2023), Emission Factors. *Market-based method:* / Contractual instruments for renewable energy: (PPA, EACs, etc.).
Scope 3	Other indirect emissions related to the production chain of goods and services, their distribution and marketing outside the Company.	Detailed below for each scope 3 category	Detailed below for each scope 3 category
Scope 3 - Category 1: Purchased goods and services	All upstream (cradle-to-gate) emissions generated in Inditex's supply chain from the manufacture of products made available to customers. For greater transparency, we publicly disclose this category's into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.	Extraction of raw materials: emissions are calculated based on the tonnes of the various raw materials consumed and the corresponding emission factors.	Higg Materials Sustainability Index (MSI), 2021.
		Spinning and weaving: emissions are calculated based on the energy consumption and the corresponding emission factors. Energy consumption is estimated on the basis of raw materials consumption ratios.	IEA (2023), Emission Factors. DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
		Wet process and cutting and sewing: emissions are calculated based on the cost of our products, applying the corresponding emission factor.	*Risilience, academic partner of the Centre for Risk Studies of the Cambridge University*
Scope 3 - Category 2: Capital goods	Emissions generated as a result of the extraction, production and transportation of capital goods purchased and/or acquired by the Company.	Emissions are calculated from the investment in fixed assets, applying the corresponding emission factor.	*Risilience, academic partner of the Centre for Risk Studies of the Cambridge University*
Scope 3 - Category 3: Fuel-and energy-related activities	Emissions generated in the process of extraction, refining, production and transportation of energy and fuels purchased and acquired by the Company.	Emissions are calculated based on the global energy consumption and the corresponding emission factors.	IEA (2023), Emission Factors. DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 4: Upstream transportation and distribution	Emissions linked to the upstream transportation and distribution services acquired by the Company.	Their calculation takes into account the tonnes transported and kilometres travelled by each means of transport, along with the relevant emission factors.	GLEC, Global Logistic Emissions Council Framework for Logistics Emissions Accounting and Reporting, v.2.0.

Scope	Description	Methodology	Emission factors
Scope 3 - Category 5: Waste generated in operations	Emissions from the final disposal and treatment of waste generated in Inditex's headquarters, own logistics centres and own factories. Information on waste generated in construction works and own stores is not available at the required level of itemisation.	Their calculation takes into account the tonnes of each type of waste generated and the final treatment of each, along with the corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 6: Business travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties.	Their calculation takes into account the origin, destination, means of transport used by Spanish agents and the corresponding emission factors. It is extrapolated to the rest of the subsidiaries on the basis of travel expenditure in Spain.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 7: Employee commuting	Emissions generated as employees commute between home and work.	Their calculation involves estimating average distances covered by means of transport and commuting patterns based on bibliographic research.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 8: Upstream leased assets	Emissions associated with third-party assets leased by Inditex.	Emissions associated with the assets of third parties leased by Inditex are immaterial.	
Scope 3 - Category 9: Downstream transportation and distribution	Emissions from the downstream transportation and distribution of sold products.	Not reported. Inditex is working on improving the internal corporate systems to provide this information with the degree of detail required.	
Scope 3 - Category 10: Processing of sold products	Emissions from the subsequent transformation of sold products.	Not applicable. The products sold do not need transformation to be used by our customers.	
Scope 3 - Category 11: Use of sold products	Estimated emissions from the use of products sold by Inditex.	Their calculation takes into account the energy consumed during the use phase based on bibliographic research.	IEA (2023), Emission Factors. *Higg Product Module Methodology, June 2021.*
Scope 3 - Category 12: End-of-life treatment of sold products	Emissions from the final disposal of products sold by the Company.	Their calculation takes into account the number of units sold and the final destination based on bibliographic research (20% reuse and 80% landfill).	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 13: Downstream leased assets	Emissions from Inditex-owned assets leased to third parties.	Emissions from downstream leased assets are calculated based on energy consumption and its corresponding emission factor.	MITECO (Ministerio para la Transición Ecológica y el Reto Demográfico), v2.0 2022
Scope 3 - Category 14: Franchises	Emissions from franchisees during the operation of franchises.	The electricity consumption of franchises has been estimated from the average consumption of own stores. This consumption is multiplied by the relevant emission factor.	IEA (2023), Emission Factors.
Scope 3 - Category 15: Investments	Emissions from Inditex investment activities.	Not applicable.	

The Inditex Group's scope 1, 2 and 3 emissions have been independently verified by Ernst & Young in accordance with ISAE 3410 standard.

Conversion factors used for the calculation

/ 1 tonne of diesel = 1.035 tonnes of oil equivalent (toe).
/ Diesel density = 0.842 kg/litre, DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
/ 1 toe = 41,868 GJ.
/ 1 GJ = 277,778 kWh

Monitoring energy consumption

Our Global Energy Strategy, approved in 2015, underpins our commitment to progress towards a low-carbon economy.

This Strategy aims to promote the rational and efficient use of energy throughout our value chain, reducing GHG emissions and helping to mitigate their effects.

Our global energy consumption includes energy consumed in:

/ Corporate headquarters and international offices[16].

/ Own logistics centres.

/ Own factories.

/ Own stores.

In 2023 our global energy consumption amounted to 1,606,212 MWh [17] (5,782,364 GJ) , of which 1,551,492 MWh came from renewable sources. This implies a 19 % reduction in relative energy consumption per square metre as compared with 2018 (in 2023, 761 MJ/m^2).

How much energy we consume

Year	Global energy consumption (MWh)	Relative energy consumption (kWh/m^2)	Relative energy consumption (Wh/€)
2023	1,606,212	211	45
2022	1,694,817	228	52
2018 (base year)	1,969,127	262	75

What type of energy we consume (MWh):

Year	Electricity	Natural Gas	Other fuels
2023	1,551,492	44,064	10,656
2022	1,636,795	49,269	8,753
2018 (base year)	1,865,074	103,724	329

How much electricity we consume in our own headquarters, logistics centres and factories:

Year	Total electricity consumption (MWh)	Relative electricity consumption (kWh/m^2)	Relative electricity consumption (Wh/€)
2023	184,784	49	5
2022	176,432	48	5
2018 (base year)	159,434	50	6

How much electricity we consume at our stores:

Year	Global electricity consumption in stores (MWh)	Relative electricity consumption in stores (kWh/m^2)	Relative electricity consumption in stores (Wh/€)
2023	1,366,708	359	38
2022	1,460,363	389	45
2018 (base year)	1,705,639	394	65

Environmental Management System

Energy efficiency is a priority at our facilities as it helps minimise our carbon footprint and reduces the environmental impact of our operations.

Our Environmental Management System (EMS), certified to ISO 14001 international standard, enables us to advance in the use of renewable energy and transition towards more efficient and circular management models.

This system is **implemented at 100% of our corporate headquarters and our own factories and logistics centres**. Furthermore, a team of 29 people oversees its proper implementation, as well as preventing environmental risks linked to these facilities.

In 2023 and 2022, no significant penalties or fines were imposed for breaches of environmental regulations in force. Moreover, we do not have facilities in protected areas.

[16] In 2023, the scope of these indicators has been expanded to include the electricity consumption of international offices. The electrical consumption that occurred in these facilities in previous years is not available in our systems with the necessary level of detail.
[17] This indicator records all the energy consumed at our Group's headquarters, international offices, own stores, own logistics centres, own factories and by our own vehicles. Fuel consumption in stores is not included. Electricity consumption in stores has been calculated on the basis of actual billing data and consumption recorded in our Inergy platform. For those stores or periods for which we do not have information available, it has been estimated considering average consumption.

6.1.4. Lower-impact consumption and efficiency and optimisation initiatives

GRI 2-4; 3-3; 302-1; 302-2; 302-5; 305-6; AF21

6.1.4.1. Lower-impact consumption

At our Company we are committed to generating and procuring energy from renewable sources to help us reduce our greenhouse gas (GHG) emissions.

We thus invest in generating renewable energy at our own operating centres. Specifically, we have facilities for the generation of photovoltaic and wind energy, as well as geothermal and solar thermal energy.

Since 2022 we have fulfilled our goal of obtaining 100% of the electricity at our own facilities from renewable sources. In fact, in 2023 we consumed 1,551,492 MWh of electricity from renewable sources at our facilities, excluding the energy we generated.

How much electricity from renewable sources we consume(1):

Year	% of electricity coming from renewable sources
2023	100%
2022	100%
2018 (base year)	45%

(1) In the case of renewable energy certificates, the period for the data is the calendar year, instead of the financial year (period of this Report).

Self-consumption

Self-consumption means renewable energy produced on our premises or in nearby locations to meet our energy needs. We use photovoltaic and wind power systems to operate with clean energy and cut our emissions.

In 2023 we had various active photovoltaic generation plants and a wind turbine generator that produced 7,049 MWh of electricity (7,756 MWh in 2022) with the following installed capacities: 3 MW in Lelystad, 1 MW in the employee car park at our Arteixo Central Services facilities, 850 kW of wind power at Arteixo Central Services and 100 kW in the Arteixo Technology Building, 200 kW in the headquarters of Zara.com and Zara Man, 30 kW in the Tempe 1 centre, 200 kW in the Tempe 3 centre, 200 kW in the Tempe 3S centre and 100 kW in the Laracha fabric warehouse and 71 kW in the canteen of Pull&Bear headquarters in Narón. In addition, 206 MWh of thermal energy was generated by geothermal sources and solar panels in our Arteixo Central Services and Tordera facilities in 2023 (362 MWh in 2022).

Another notable self-consumption initiative is the development of the **Outer Port Wind Facility in A Coruña** in collaboration with the city's Port Authority. The project, scheduled to enter into operation in 2026 and with an estimated investment of 34 million euros[18] , is for the installation of three wind turbine generators with an installed capacity of 5.5-6 MW. Through this initiative, we aim to generate on-site the renewable energy necessary to cover the annual electricity required by our headquarters in Arteixo, and also to supply clean electricity to the port's own infrastructures.

In 2023 the project obtained the statement of exceptionality and it is currently in the process of requesting the environmental impact statement.

Power Purchase Agreements

In addition to implementing self-consumption initiatives, we promote the implementation of new renewable energy sources through **power purchase agreements (PPA),** which are long-term agreements between consumers and energy producers.

These agreements enable producers to finance the construction of new renewable energy generation infrastructure, even when there are no official incentives or subsidies. They are a way to facilitate the sustainable and long-term implementation of new projects.

At year end, we have two virtual power purchase agreements (VPPA) in place for periods of 10 and 12 years, with a total installed capacity of 136 MW. The related projects are in the development phase, in some cases pending final approval, and will come on stream in 2025.

These agreements allow us to consume renewable energy regardless of the location of our operations, while contributing clean energy to the grid. We aim to continue working in this sphere to promote additionality[19] by generating new renewable energy capacity.

ⓘ More information in *Note 26 Financial instruments and risk management policy* of the Consolidated Annual Accounts.

Energy Attribute Certificates

Where we encounter restrictions in the implementation of certain mechanisms, we turn to alternatives such as green tariffs and Energy Attribute Certificates.

[18] The investment planned for the year 2024 allocated for this project, is included in the estimated investment budget referred to under Information on the outlook for the Group in the Consolidated Directors' Report. Information regarding the financial year 2023 is included in the Consolidated Financial Statements (*Note 14*).
[19] Additionality is a feature of power purchase mechanisms designed to encourage the construction of new renewable energy generation infrastructure that would otherwise not necessarily be developed.

These certificates[20] issued by a third party certify that a specified amount of electricity has been generated from renewable sources. Other than in exceptional few cases, renewable energy from the certificates we use is generated in the same electricity market where the electricity is consumed.

In 2023, more than 90% of the energy attribute certificates we acquired met the requirements established by benchmark organisations, such as CDP.

Phasing out fossil fuels

Our decarbonisation strategy aims to reduce the use of fossil fuels such as natural gas. To achieve this we promote the electrification of fossil fuel-based systems. This strategy, combined with our work on renewable electricity, implies a near 100% reduction in emissions.

In 2023 we launched a collaborative project with Naturgy and EDAR Bens, the publicly owned water treatment utility that operates in the metropolitan area of A Coruña, to convert the biogas generated by wastewater into biomethane.

We are also currently developing new lines of research such as process optimisation, hydrogen generation, and the inclusion of new effluents (sludge). At the same time, we are always on the lookout for similar projects that will allow us to completely eliminate fossil fuel consumption at our headquarters and distribution centres by 2035.

6.1.4.2. Efficiency initiatives and optimisation

Efficiency in corporate headquarters, own logistics centres and own factories

Energy efficiency helps us to control the consumption of resources with the aim of reducing it and mitigating our impact on the environment. Hence, we make the necessary investments in all our headquarters and platforms, and we promote best practices in our teams and processes

Among these best practices is the application of bioclimatic and sustainable architectural criteria in the design and construction of our headquarters. In fact, since 2009 we have been certifying our flagship spaces in accordance with the most widely recognised sustainable construction standards, such as the LEED certifications developed by the US Green Building Council[21].

[20] The acquisition of these certificates, to the extent that they cover the energy consumption of the period, are incorporated into the consolidated income statement under the heading of Operating Expenses at the time of their acquisition.
[21] All the certifications are currently valid.

LEED and BREEAM certification in distribution centres and headquarters

LEED Platinum 2 Certified

/ Inditex Data Processing Centre in Arteixo
/ Zara.com studios in Arteixo

LEED Gold 11 Certified

/ Inditex Group's Central Services in Arteixo (phase IV)
/ Zara Logística offices
/ Zara Logística canteen
/ Pull&Bear headquarters
/ Canteen in the Pull&Bear headquarters
/ Cabanillas logistics platform
/ Massimo Dutti headquarters
/ Massimo Dutti logistics centre
/ Oysho headquarters
/ Stradivarius headquarters
/ Logistics connection hub at Lelystad

LEED Silver 2 Certified

/ A Laracha fabrics warehouse
/ Lelystad ironing facility

LEED CI Certified 1 Certified

/ Inditex Group's Central Services facilities in Arteixo (phases I, II, III)

BREEAM ES In Use 1 Certified

/ Tempe 3 building

In addition, we continue to certify our facilities in Spain under the international standard ISO 50001, which distinguishes efficient and sustainable energy management processes. In 2023, our Central Services, the A Laracha logistics platform and CPD, Indipunt, Europe logistics platform, León logistics platform and Meco logistics platform have renewed or obtained this certification.

Efficiency and sustainability in our stores

Energy efficiency and the implementation of best practices are priorities in our physical and online stores.

Accordingly, we periodically review our standards to align them with best practices and implement new programmes for continuous improvement and progress in the sustainability of our stores.

At present, 8 stores have LEED Platinum certification, 27 have LEED Gold certification and 1 has BREEAM certification.

Also notable is that by the end of 2023, 80% of our own stores were connected to the central Inergy platform, which allows us to monitor and optimise energy consumption in order to boost energy efficiency.

Atmospheric emissions and noise pollution

Atmospheric emissions from combustion equipment at our logistics centres, such as heating boilers and steam boilers, are subject to regular checks and inspections by authorised control bodies. This ensures that our atmospheric emissions of gases such as carbon monoxide (CO), nitrogen oxide (NO_x) or sulphur dioxide (SO_2) remain within the established limits.

Moreover, to mitigate the noise levels associated with the distribution and supply of our products at night, we have an Unloading Equipment Protocol in place.

Supply Chain

The Supply Chain Transformation Plan is vital to advance the achievement of the climate objectives that we have set. One of the essential tools of the Plan lies in the environmental improvement plans that are developed in collaboration with the main facilities of the suppliers and manufacturers in our supply chain.

Furthermore, in relation to energy management, the objectives to be achieved by the facilities participating in the improvement plans are the following:

/ To increase the purchase and/or generation of electricity coming from 100% renewable sources.

/ To reduce thermal energy consumption in relation to stationary thermal sources.

The facilities that participate in this program propose an action plan to achieve these objectives from their starting point, on which quarterly monitoring of energy consumption is carried out.

To evaluate its degree of progress, we rely on a network of experts who, together with our internal teams, analyse the viability of the action plan, validate its implementation, conduct follow-ups and provide advice at all times.

In addition to the environmental improvement plan, we have implemented a number of measures to provide lower impact consumption alternatives in our supply chain.

These efforts focus on three key areas:

/ Reducing energy consumption

We provide information to our suppliers on the best ways to reduce energy consumption through an online platform which is accessible to the entire industry through our corporate website.

We use this same channel to make available to them the knowledge acquired through our collaboration with third parties on potential innovative solutions. For example, new dyeing and washing methods using fewer resources and, therefore, lowering the associated emissions.

Other measures include replacing equipment with more efficient iterations, the proper maintenance of equipment or changes to production processes.

/ Replacing fossil fuels

Some production processes require the use of energy to generate steam. That is why we encourage our suppliers to electrify their equipment and, where no other options are available, to use alternative fuels such as certified biomass from agricultural waste solely as a valid solution for generating thermal energy.

We also ensure that no facilities in our supply chain install new coal-burning boilers, by means of proprietary tools such as our pre-assessment audit or the Green to Wear standard. Our goal is to eliminate the use of coal in our supply chain by 2030.

/ Use of renewable energies

To foster the deployment of renewable energy in our supply chain, we provide information to our supplier clusters regarding the availability of renewable energy, the relevant regulations, the necessary procedures and the estimated costs.

By doing so we aim to give them the tools and knowledge to introduce renewable energy sources in their operations.

As a result, we expect that by 2030 at least 50% of the electricity used in manufacturing processes in our supply chain will come from renewable sources, reaching 100% by 2040.

Other collaborations to reduce emissions in the supply chain

In 2023 we have joined two specific programmes of the United Nations Fashion Industry Charter for Climate Action:

/ **Bangladesh Peer Action Group**: aims to collectively move towards a planned strategy to phase out the use of coal. In addition, at Inditex we contribute to the promotion and development of renewable energy sources in the fashion industry.

/ **Net Zero Pakistan**: aims to make the textile supply chain in Pakistan more resilient and reduce the emissions intensity of the Pakistani textile industry.

In addition, we have participated in the **Fossil to Clean** campaign by signing the open letter presented at COP28 in Dubai. This call from more than 200 companies urges governments to address the complete elimination of the use of fossil fuels and the increase in the use of renewables and energy efficiency.

Efficiency in transport and distribution

At Inditex we are endeavouring to make our transport more efficient and sustainable.

That is why we have several lines of action linked to transport, which will help us to minimise its impact and reduce emissions from our distribution and logistics operations in the following ways:

/ Electrification, new fuels and fleet efficiency
/ Analysis of shipping flows and promotion of multimodality
/ Transport optimisation

In 2023 we signed an agreement with Maersk to reduce our carbon footprint in maritime transport. This agreement ensures that the freight company will use alternative fuels in their vessels, such as green methanol or second-generation biofuels, reducing emissions by 80% for every litre of fuel consumed, according to research by Maersk. Our goal is to use alternative fuels for at least 90% of our maritime shipping by 2025.

At the end of October an agreement was reached by Atlas Air and Repsol to supply sustainable aviation fuel (SAF) so as to decarbonise a portion of the cargo flights the air freight company carries out for Inditex from Zaragoza Airport. As a first step, Atlas Air will initially incorporate 5% of this fuel produced by Repsol in all its cargo flights for Inditex out of Zaragoza.

We have also collaborated with Maersk, RENFE and Cepsa to promote a new rail link in southern Spain. This corridor links Algeciras and Madrid using second-generation biofuels in the non-electrified section between Algeciras and Cordoba, and renewable electric power between Cordoba and Madrid.

Likewise, we collaborate with CFL multimodal, KLOG Logistics and Ikea on an intermodal connection between Sète (France) and Poznań (Poland). This connection is used in the distribution of our physical and online store products.

In 2023 we renewed our collaboration with the NGO Smart Freight Centre, whose mission is to help quantify impacts, identify solutions and disseminate decarbonisation strategies in freight transport. As premium partners we are members of the Sustainable Freight Buyers Alliance (SFBA) to promote the transition to a zero-emission freight transport, in partnership with supply chains.

We also promote sustainable alternatives for our employees' commutes, such as the 344 electric vehicle charging stations in central services, logistics centres and our own factories that in 2023 supplied more than 875,000 kWh[22] from renewable sources (more than 397,000 kWh in 2022).

[22] Electrical consumption by electrical vehicle charging points in Group central services facilities, own logistics centres and own factories.

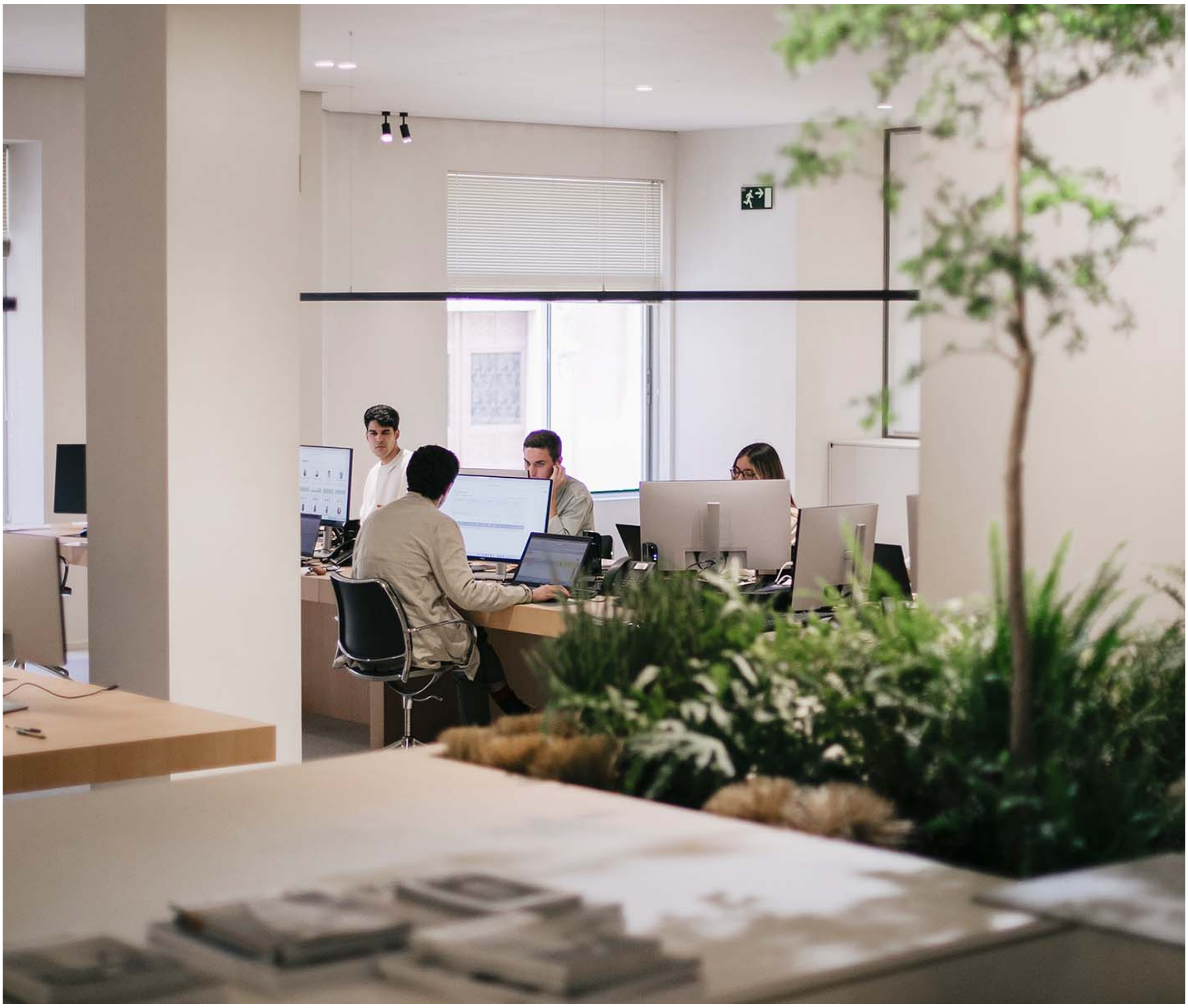
6.1.5. Risks and opportunities arising from climate change

GRI 201-2; 3-3; 302-1; 302-2; 302-5

The assessment and management of climate change risks and opportunities gives us essential information to improve our decisions and achieve an efficient management.

Furthermore, this process helps us to foster collaboration in climate change action, enhancing the transparency of our endeavours on this front.

Our framework for managing and disclosing risks and opportunities is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and other standard-setting bodies. Accordingly, there follows an outline of our actions in connection with the TCFD pillars: **governance, strategy, risk management, and metrics and targets.**



Climate risks for our Group

Physical risks

Acute

Caused by natural events, including more severe extreme weather events, like cyclones, hurricanes and floods, among others.

Chronic

Long-term changes in weather patterns that may cause an increase in sea level, chronic heat waves or changes to seasons, among other phenomena.

These physical risks may cause damage to material goods and disrupt the supply chain in the following scenarios:

/ Changes in the availability of water resources.

/ Vulnerability in respect of other specific resources or raw materials on which Inditex depends, such as cotton, viscose, etc.

/ Potential disruption in shipping routes.

/ Workers health and safety.

Transition risks

Market

The markets where we operate may be affected by climate change in different ways, but one of the main ones is through changes in the supply and demand of certain raw materials we use in our operating processes, and the products we sell to our customers.

Regulatory and legal

Government policy actions on climate change continue to evolve towards a low-carbon economy. Generally speaking, their objectives fall into two categories: initiatives aimed at reducing greenhouse gas emissions or policies designed to promote climate change adaptation. In this scenario, the Group's carbon footprint throughout its value chain (scope 1, 2 and 3 emissions) could be subject to the price of carbon.

Another mounting risk is legal in nature. In recent years, there has been an increase in litigation linked to climate change. The Group is exposed to the risk of not being able to mitigate the impacts of climate change, a lack of adaptation and/or an insufficient disclosing of the financial implications of climate change.

Technological

In today's fast-evolving technological landscape, the Group may be exposed to the possibility of having to undertake sizeable investments in operations and infrastructure to adapt to climate change. It will also have to manage the depreciation and/or obsolescence of existing assets in its own operations that are not suited to a low-carbon economy. The members of our value chain face the same risk, which could eventually be passed on to the Group through higher sales and operating costs.

Reputational

As the pace of society's transition to a low-carbon economy speeds up and public opinion changes, the Group's individual contribution may come under increasing scrutiny, especially if the Group's transition, or that of our industry, towards a low-carbon economy fails to meet the market's expectations.

6.1.5.1. Climate governance

Our climate governance is aimed at ensuring that the risks and opportunities linked to climate are adequately tackled to meet the challenges posed by climate change.

In this regard, our sustainability strategy and our climate change policies are approved by the Board of Directors, the most senior leadership, and integrated into our Company's business model and decision-making processes.

Our Sustainability Roadmap establishes our goals for advancing towards a low-carbon economy. To ensure that our sustainability actions are aligned with these objectives, the Board of Directors conducts quarterly reviews.

In this way we address the challenges of climate change by ensuring its inclusion in strategic and operational decision-making process.

Climate governance follows the same processes and is conducted through the same bodies as all other sustainability-related matters.

ⓘ More information on the organisational structure of sustainability and climate change governance, the associated responsibilities and the monitoring and oversight processes in the relevant infographic included in section *5.1.1. Good Corporate Governance* of this Report.

6.1.5.2. Strategy

At Inditex, we take a comprehensive approach to risk, analysing future climate scenarios and identifying the associated risks and opportunities to ensure a resilient long-, medium- and short-term strategy.

Our climate risk assessment methodology is based on that of the University of Cambridge's Centre for Risk Studies. Accordingly, we work with its academic partner, Risilience, to design a climate risk assessment under different scenarios in the short- (0-5 years), medium- (5-10 years) and long-term (more than 10 years).

This research allows us to holistically address climate change and anticipate the risks and opportunities it presents over a time horizon that takes into account the large scale and long-term nature of climate change, as well as the asset's[23] lifespan, and the planning and business cycle of our Group.

Analysis of the scenarios

We use the analysis of scenarios to understand the potential impacts of climate change on our Company. We can then apply this knowledge to strategic planning, risk management and assessing our resilience.

In 2023 we continued our collaboration with the University of Cambridge to make further headway in the resilience of our value chain and be able to include in our analysis the mitigation measures that result from implementing our programmes to reduce our carbon footprint.

The emissions pathways used in our analysis of scenarios correspond to the latest data published in the Sixth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC) in 2022.

In 2023, Risilience updated several of its models concerning physical, regulatory and legal liability risks. These updates, combined with improvements in the data showing our exposures (financial projections, facilities, etc.), provide a revised view of physical and transition risks.

To assess the potential impacts on Inditex stemming from physical and transition risks, we used five scenarios with five different emissions pathways:

/ No policies (>4ºC by 2100)
/ Current policies (3ºC by 2100)
/ Announced policies (2.5ºC by 2100)
/ Paris Agreement (2ºC by 2070)
/ Paris Agreement ambition (1.5ºC by 2050)

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[23] The time horizons were established on the basis of the useful life of the assets on the balance sheet (see Consolidated Financial Statements *note 3.2 Accounting Principles*, b) Property, plant and equipment), which is reviewed annually. The useful life of the Group's assets is currently established as medium and long term.

Analysed Scenarios

Effect on GHG emissions

> 4ºC	3ºC	2.5ºC	2ºC	1.5ºC
200 %	-50 %	-75 %	Net 0	Net 0
in 2100	in 2100	in 2100	in 2070	in 2050
No policies Assumes an increase in energy consumption and emissions by the end of the century, with anti-decarbonisation policies.	**Current policies** Continuation of the current trend, with no new policies or changes to the existing ones.	**Policies announced** Includes the current commitments and objectives published, such as those defined in the Nationally Determined Contributions (NDCs).	**Paris Agreement** In line with the Paris Agreement, which requires rapid and global change in the energy system, technology and behaviour.	**Paris Agreement ambition** Urgent and radical political response, requiring a swift and systemic overhaul of the energy system and sweeping changes in society, as well as more investment in technological innovation.

Each pathway develops a socioeconomic narrative regarding regulatory changes, energy prospects or technological advances based on existing data sources, and likelihood of occurrence.

In our analysis of climate risks and opportunities, we considered short (0-5 years), medium (5-10 years) and long (more than 10 years) time horizons.

According to the analysis outcome, in the short term, the most significant impacts relating to climate change are connected to transition risks. Consequently, in the next five years transition risk is likely to evolve at a faster pace as a result of changes in the regulatory framework, in energy supply and demand, or legal proceedings. The most ambitious decarbonisation pathways in terms of emissions reductions result in potentially greater transition risks.

In the short term (up to five years), physical risk deriving from climate change does not significantly vary across the five emissions pathways. Uncertainty about climate patterns over longer time horizons increases the probability of this risk.

Method of analysing financial impacts

We quantify the potential impacts of these scenarios by means of a financial representation of the Group we call its digital twin.

The digital twin is regularly updated with information regarding financial estimates, key facilities, value chain (including natural, man-made and synthetic raw materials and the geographic presence of our value chain —raw material origins, factories, distribution centres, transportation hubs, etc.), geographic breakdown of the business and greenhouse gas emissions for the Group's scope 1, 2 and 3.

Each risk is analysed independently, assuming there are no interdependencies or trade-offs between them.

The result of this methodology yields the potential losses in the estimated cash flows. The Earning Value at Risk, which is discounted to obtain its present value, facilitates the quantification of the total financial impact of each scenario.

The different items in the Group's income statement (sales, raw materials costs, transport and distribution costs, incident response costs, among others) are translated into cash flow's impacts. Furthermore, when modelling and obtaining these cash flows at risk, the Group assumes for the different scenarios of physical and transition risks the ability to transfer part of the impacts to the business activity.

In order to represent the evolution of our future cash flows over a five-year period, the Group's budget is used to build the first year, the estimated business plan for the following three years and for the period not covered we project a final year maintaining a growth rate and an expense structure similar as of the last year of the business plan, which includes the projects and capital investments[24] contemplated by the Group.

Due to the nature and long-term horizon of climate-related risks, especially in the physical dimension, the Group needs to estimate the impacts beyond the five-year time horizon. For this purpose, once the cash flows forecasted by the Group for the short term (0-5 years) have been established, this balance sheet and cash flow structure is projected statically to year 5 for the medium term (5-10 years) and to year 10 for the long term (more than 10 years).

Earning Value at Risk

Earning value at risk and the related cash flows at risk are measures of the potential impact of the risk stemming from a deviation of the expected cash flows as a result of climate risk.

The estimated global value of the Company's cash flows for the next five years—resulting from climate-related risks—was modelled without yet including mitigation actions. We are working on quantifying the mitigation measures, many of which come from our sustainability strategy, so as to be able to assess the residual risk.

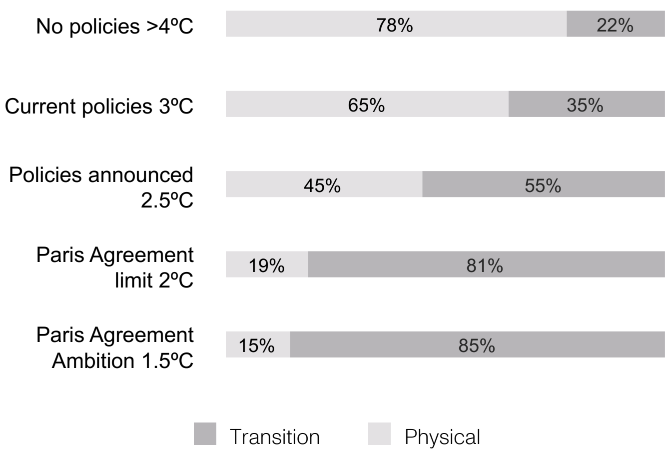
In the 'Current policies' scenario, the second-least severe when it comes to transition risks, the aggregate risk from climate change is considered strong in the Group's critical risk map in terms of its impact and probability.

ⓘ More information in section *5.1.3. Responsible risk management* of this Report.

The identification and assessment of physical and transition climate risks are subject to numerous uncertainties, arising, among other things, from the complexity of anticipating how the climate may evolve over the years. These uncertainties mean that the data contained in this report may be inaccurate in the future, depending on how the climate evolves and the scientific consensus regarding the process of climate change. Such data therefore represent the best estimate that can be made using existing climate information and models.

Thus, climate modelling is a complex discipline that is subject to three major uncertainties: the natural variability of the climate, the adjustment of the climate model to reality, and the adjustment of the emissions evolution scenario to reality. Climate scenarios are not forecasts, predictions or sensitivity analyses, but hypothetical constructions of plausible futures based on science, aimed at assessing the resilience of a company's assets, business model and strategy in the face of such scenarios.

With respect to total estimated risk, the table below shows the profile of each of the risk dimensions for the five pathways used, distinguishing between physical and transition risks in the short term:



a) Physical risks

There are three possible types (dimensions) of physical risks from climate change:

/ Acute risks: caused by extreme weather events.

/ Chronic risks: the result of gradual changes in long-term weather patterns.

/ In some cases, there may be a combination of both acute and chronic.

The analysis of physical risks was conducted on 16,000 own and third-party facilities in our value chain. The facilities analysed are of different types: factories, logistics centres, offices, airports, ports, logistics hubs, stores, etc.

Each facility has recovery curves assigned to it, depending on the severity of the scenarios, their vulnerability and resilience to each climate phenomenon.

[24] See Note 2 of the Consolidated Annual Accounts in 'Significant estimates and assessment of uncertainty'.

Seven climate phenomena are considered in the analysis: heatwave, freeze, water stress, river flooding, coastal flooding, 'temperate' storm[25] and tropical storm. The choice of these physical phenomena is based on Cambridge University's relevance criteria for our business.

Each threat is evaluated using a base-case scenario (year 2000) and a change forecast. The base-case scenario is compiled using the historical meteorological series of the last 40 years, while the forecasts are based on a risk estimate through 2030, 2040 and 2050. In order to weigh the financial impacts of extreme weather events caused by climate change, the changing probability and severity of each event is used to quantify the increase or reduction of the physical impacts expected at bin level. The base-case scenario also makes it possible to assess existing risks, especially water stress in the river basins where the Group's own or third-party facilities are located, particularly in Spain, where the Group's main assets are concentrated[26].

Over the course of this year our stores have been affected by nine natural disasters due to extreme weather events (six in Spain, two in Italy and one in South Korea), mainly heavy rain, snow or hail. Although they have caused damage to our stores and disrupted the normal cycle of our operations, their impact on the Group was immaterial.

[25] Flash flooding was not considered this time as a result of the IPCC Assessment Report update, but will be included again in future analyses.
[26] For more information, see our responses to the CDP Water questionnaires, available at www.cdp.net.

Financial impact of physical climate risks[1]

Physical dimension: Acute

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages the possibility that extreme or catastrophic weather events (such as storms, floods, freezes, etc.) may reduce the productivity of the Group's activities, disrupt its normal performance and/or increase the costs of operations and processes. Using geolocation of the facilities, the scenario quantifies the projected impacts of various climate threats that could affect our value chain over a five-year time horizon, weighted by their probability of occurrence. The impact is assessed in terms of estimated lost cash flows. It is a function of the severity and duration of the disruption of the facility or facilities. The vulnerability of facilities to different climate hazards depends on their typology and/or their relevance to the value chain. Depending on these attributes, the scenario translates into different impacts and speeds of recovery of the facilities until they return to a normal operating condition.	The impact of extreme weather events on the Group's activities includes physical damage to, or even destruction of, facilities, considering both the asset itself and the goods that are dependent on the facility or facilities affected. The impact on expected cash flows tends to be expressed in terms of the total cost of the physical assets destroyed, normally as the cost of their repair or reconstruction and/or the loss of market value of the damaged goods. **Impact on revenues and costs:** the disruption may trigger a decrease in expected cash flows due to a decline in Group sales depending on the operations' level of dependence on the affected facility or facilities, possible impairment of property, plant and equipment and loss of inventories.	/ Each key facility is assigned a degree of dependence and contribution to Group revenues commensurate with its participation in our value chain. The scale of the disruption translates into the corresponding loss of income. / Extreme weather events are modelled independently, assuming that they are uncorrelated. / The current portfolio of key facilities is assumed to remain static over the five years of projected impact. / The vulnerability functions of key facilities have been parametrised on the basis of expert knowledge grounded on empirical data. The functions are homogeneous for all geographies. For a limited group of especially relevant assets, specific recovery curves are applied. Work is underway to develop specific curves for other asset types.	/ Most of the facilities are related to the supply chain and our commercial network so there are technical contingency systems in place that would mitigate the consequences of a disruption or shutdown. / Continuous review systems, along with the insurance policies, would cover loss of profit and resulting expenses. / In the specific case of logistics centres, they have been configured so as to be able to take on storage and distribution capacity for other centres in the event of a contingency caused by extreme weather events. ⓘ More information in chapter *5.1.3. Responsible risk management* of this Report.

Financial impact of physical climate risks[1]

Physical dimension: Acute and Chronic →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages the possibility that unexpected extreme weather events may cause disruptions in estimated revenue in the short term due to changes in consumer demand. Consumers could change their shopping behaviour due to weather conditions, and traffic in stores could also decrease as a result of weather conditions, or if the distribution of merchandise to points of sale is interrupted. The scale of the impact depends on the usual climate of a particular market or geography (for example, extreme heat generally causes more problems in typically moderate climates than it does in hot areas).	The vulnerability/sensitivity of the Group's product portfolio to different extreme weather events is also modelled. Their aggregate global impact varies in accordance with the sensitivity of the demand for the Group's various products and retail formats, as well as the dependence of sales either in physical stores or online. **Impact on earnings and costs:** extreme weather events can impact short-term normal earnings flows. Sales may be affected by changes to demand if consumers change their behaviour due to the weather, reduced retail traffic or if the value chain experiences local disruptions.	/ The risk of disruption to market demand is parametrised for three types of extreme weather events: heat wave, drought and freeze (other threats that affect limited areas and whose impact should not be material, such as storms, are not considered). / Each product category is assigned a vulnerability function for various severity levels. These functions determine the severity of changes in demand.	/ All areas of the Group are geared towards satisfying customer needs and guaranteeing the best shopping experience, which is why our activity begins by actively listening to our customers and identifying their demands and expectations. / Flexible, integrated and innovative business model that affords a competitive advantage when it comes to analysis and response in the short, medium and long terms. ⓘ More information in chapter *5.2.1. Business model and strategy of this Report.*

Financial impact of physical climate risks[1]

Physical dimension: Chronic →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages changes in long-term weather patterns affecting the agricultural productivity of the crops from which the different textile fibres used by the Group are derived (cotton, linen, wool, leather, cellulosic fibres and cashmere; work is ongoing to add other relevant raw materials). Changes in weather patterns may make it unviable to produce certain crops in some regions of the world in the future or may significantly reduce their yields. The effect of such phenomena would be a potential change in the supply and availability of raw materials. The financial impact on cash flows at risk is estimated over a five-year time horizons.	The Group is exposed to potential disruptions in agricultural value chains due to chronic changes in weather patterns, which could jeopardise the supply of raw materials needed to manufacture our products. In some cases the production of these raw materials is concentrated in limited or even exclusive geographic areas, making their replacement difficult or impossible. **Impact on earnings and costs:** losing the supply of these raw materials would disrupt business, potentially resulting in a decrease in sales if the shortage caused by the event cannot be recovered and/or selling costs rise due to a reduced or absent supply of the raw materials.	/ In the analysis of agricultural risks, for each crop type the impact on yield was modelled in accordance with a range of variables (precipitation patterns and shortage, temperature variations, extreme temperature, etc.) / Crop vulnerability functions are parametrised using the FAO (Food and Agriculture Organization) and Ecocrop database to determine the suitability of a specific environment by optimal conditions for the growth of the various crops. / In order to estimate the financial impacts (decrease in sales or increase in procurement costs), the degree of dependence on the different raw materials analysed at retail format and Group level is considered. / The Group's degree of dependence on the raw materials analysed is static over the five years of projected impact.	/ The Group's collaboration with other organisations and institutions to increase the range of materials with better environmental performance, which make more efficient use of natural resources with recycled content. / We have the Fibres Plan, with exacting commitments for the use of materials with lower impact, also known as preferred materials. / The Group's efforts and work to foster the development of technologies to improve the sustainability of the raw materials and their subsequent recycling.

(1) The risk trend reflected here corresponds with the short term.

Transition risks

Transition risks are financial and reputation risks associated with the transition to a low-carbon economy. These risks take into account the nature, speed and trend of changes in policies, legal frameworks, technologies, reputation and market.

Transition risks vary significantly depending on the level of ambition of each pathway analysed and affect all areas of our business.

To calculate their financial impact, we have examined five dimensions of transition risks in the short, medium and long term:

/ Regulatory
/ Legal liability
/ Technology
/ Market
/ Reputation

Financial impact of transition risks[1]

Transition dimension: Regulatory

Scenario	Impact on business model	Model assumptions	Main mitigations
Establishing an explicit carbon price is a key mechanism to incentivise the transition to a low-carbon economy. These policies are currently determined and implemented both at national and regional level. The aim is to gradually obtain some degree of international coordination. As a result, the carbon prices used in our models vary from country to country with the aim of covering all global emissions by 2025.	In this scenario, the Group would pay a price for the emissions generated throughout its value chain. The Group's carbon footprint in each of the countries in which it operates is considered and the carbon price in each jurisdiction is applied. This includes scope 1 (direct emissions from sources owned by the Company), scope 2 (indirect emissions from the electricity purchased) and scope 3 (other indirect emissions related to the Group's value chain). **Impact on cost:** the Group's financial impact stems from the increase in production and distribution costs, and the cost of raw material procurements, in terms of the increase per unit of product.	/ The scenario applies greenhouse gas (GHG) emissions in accordance with production, defined as fossil fuel consumption in the country for the industrial production of goods and services, as well as energy generation. / All emissions are subject to a carbon price. The price for different economic sectors is given separately. / The increased costs associated with carbon price mechanisms are transmitted through the Group's routine overheads, i.e. its general expenses, distribution expenses and raw materials costs. / There are no financial or fiscal incentives or benefits derived from carbon price revenue. Public administrations allocate most of the revenues to environmental expenditures, the economic benefits of which are not incorporated in this model. / Suppliers are assumed to pass on 100% of their cost increases to us. The Group passes on a portion of these to its end customers.	/ Group Sustainability Roadmap that reflects Inditex's firm commitment to progressing towards a low-carbon economy model. The goal of net zero greenhouse gas emissions by 2040, science-based decarbonisation targets (SBTs) by 2030, and the commitment to using 100% renewable electricity at our own facilities, achieved in 2022. ⓘ More information in section *8.3.3. Monitoring, assessment and continuous improvement* of this Report.

Financial impact of transition risks(1)

Transition dimension:
Legal liability

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario considers developments in climate-related litigation, a consequence of scientific advances that allow climate change to be linked to specific events, paving the way for potential attributions of liability. The scenario assumes that major lawsuits are filed against the Group, claiming damages based on its relative contribution to global greenhouse gas emissions. As lawsuits start to proliferate in different jurisdictions, initially in the most emissions-intensive sectors, the textile industry becomes a potential target for litigation.	Damages are estimated based on the scale of our operations, and translate into claims. On average, cases are assumed to take several years to be resolved. Plaintiffs aim to pressure the Group beyond the potential legal ruling, exerting increased media and reputational pressure. **Cost impact:** the intensity of lawsuits related to GHG emissions and climate change that the Group may experience will vary depending on the different emissions pathways. Their probability of occurrence and potential impact will also vary depending on the estimated impact (settlement, legal costs, severance pay, etc.).	/ The model uses a decision tree to evaluate a range of potential outcomes, each with a probability of occurrence and leading to different impacts. The model harnesses historical data from other sectors that serve as a 'benchmark', and experts' opinions, all based on the company's specific characteristics. The model's output is the estimated financial impact given the conditional probability of each outcome.	/ Inditex's Sustainability Policy establishes that all the Group's activities will be conducted in the most environmentally-friendly way possible, fostering the conservation of biodiversity and the sustainable management of natural resources. ⓘ More information in section *5.2.2. Sustainability strategy* of this Report. / Solid Compliance System in place and a robust corporate governance system that ensures compliance with regulations, guidelines and best practices in this connection. ⓘ More information in sections *8.1. Corporate ethical culture and solid Compliance architecture* of this Report and *F.1.2.* of the Annual Corporate Governance Report.

Financial impact of transition risks[1]

Transition dimension:
Technology

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario analyses how the Group's competitiveness might be affected by the development and use of new technologies that are less GHG-intensive, considering their operating costs and the demand for our products. The Group must decide how and when to invest to reduce emissions in its value chain so as to attain an optimal combination of profitability and early adoption to design its R&D strategies.	In a fast-moving technology market, the Group must invest to ensure its operations and infrastructure do not lag behind. At the same time, it must manage the potential obsolescence of existing assets. The value chain faces the same challenge as the Group. Costs relating to the renewal of the value chain are ultimately expected to be passed on to the Group. **Impact on cost:** stemming from the depreciation and liquidation value of assets, additional CapEx and increased raw materials costs.	/ This model considers the costs to the Company of investing in low-emission technologies and boosting the efficiency of operating assets, as well as distribution costs. Asset improvements include new transportation assets (trucks, etc.), as well as the factory upgrades to improve energy efficiency. For each technology, the model assumes that a portion of the total global assets are updated according to the different emissions pathways at a specific cost. / The costs of technological improvements are compared with current average unit costs. The model takes into account basic balance sheet data in connection with the Group's buildings, facilities and equipment. In addition, key supply chain facilities are also considered. The model assumes that the Group carries out technology upgrades at key facilities and in the Group's vehicle fleet.	/ Innovation is an inherent and transversal value throughout the Inditex business model, which is why we collaborate with our suppliers and other organisations to find innovative solutions that may be applied throughout the value chain and life cycle of our products. Inditex's Sustainability Innovation Hub is clear evidence that it is seeking to foster the circular economy, contribute to decarbonisation and maximise environmentally-friendly development. ⓘ More information in *section 6.4.1. Initiatives to progress towards a circular model of this Report.*

Financial impact of transition risks[1]

Transition dimension: Market

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages an increasing market interest in sustainable products and services. Certain consumer segments change their shopping habits to enhance their environmental and social impact. Carbon-intensive companies and sectors are coming under increasing market scrutiny. Potential changes in supply and demand patterns jeopardise the Group's market share and cost of capital.	Consumer preferences are trending towards alternative products and services that produce lower emissions. This could lead to the emergence of new competitors that propose innovations that transform demand, resulting in a loss of market share and potentially an increase in the Group's cost of capital. **Earnings and costs impact:** impact on demand is expressed as the loss of earnings and/or failure to comply with growth targets. Investor sentiment translates into an increase in the cost of capital and in the cost of financing. The different emissions pathways determine the scale of these impacts.	/ Market adoption rates of sustainable products have been parameterized in the model based on a series of key attributes (market potential, innovation coefficient and imitation coefficients). / The Group's product portfolio remains static over the different time horizons. Sales of sustainable products are growing at a moderate pace in the short term. It is assumed that the potential scale of sustainable products does not encompass all consumers, although the rate of adoption varies according to the level of ambition of the different pathways. / The model assumes that changes in consumption patterns affect every sector. The Group is able to pass-though some of the losses to customers. / It is assumed that the impact on consumer demand outweighs the impact on investors, as the market remains focused on industries with higher emissions.	/ The Group's commitment to customers also implies anticipating their demands in matters such as diversity, sustainability or transparency, issues in which the aim is to involve them in the efforts and progress made.

Financial impact of transition risks[1]

Transition dimension: Reputation →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario considers a context in which we do not advance towards a low-carbon economy. The widespread frustration with the failure to meet emission reduction targets causes a negative shift in public opinion towards large companies, especially in those sectors that have historically been the most emissions-intensive. Negative sentiment is fuelled and amplified by media campaigns. Large consumer segments engage in climate activism, focusing on specific companies through sustained campaigns and boycotts with considerable repercussion. In extreme circumstances, the shift in consumer sentiment unleashes a deterioration in investors' perception, with consequences for the Group's access to markets. This trend runs parallel to the growth of sustainable shopping, as reflected in the Market scenario. When sustainable alternatives gain traction, those retail formats that do not adapt tend to experience a significant decline in customer demand. In contrast to the Market dimension, impacts are idiosyncratic and consumers avoid the Group or specific brands.	The main impact for the Group is a decline in demand for its products and/or brands, which varies according to specific trends, with the resulting loss of sales and market share. Investor sentiment, meanwhile, weighs on the Group's share price and financial situation. Financing costs (capital and debt) worsen. There is a risk of becoming a target for the increasingly numerous 'consumer activists'. The scale of the impacts depends on the level of ambition of the different pathways. **Earnings and costs impact:** the impacts on demand are materialised through the loss of earnings and/or failure to comply with growth targets. Market sentiment translates into impacts on the cost of capital and financing.	/ Two key factors define the model: the change in our customers' preferences towards more sustainable products and the level of activism among consumers. The model considers two opposite trends. On the one hand, activism, which increases inversely to the level of ambition: the lower the ambition, the more activism there is. On the other hand, consumers' preference for more sustainable products, which is greater in more ambitious pathways, thereby reducing the demand for conventional products.	/ Inditex's Sustainability Roadmap includes ambitious targets and actions aimed at achieving the long-term goal as a lever of transformation. The Group collaborates with all the actors in the value chain and with stakeholders to tackle global challenges from a holistic standpoint.

(1) The risk trend reflected here corresponds with the short term.

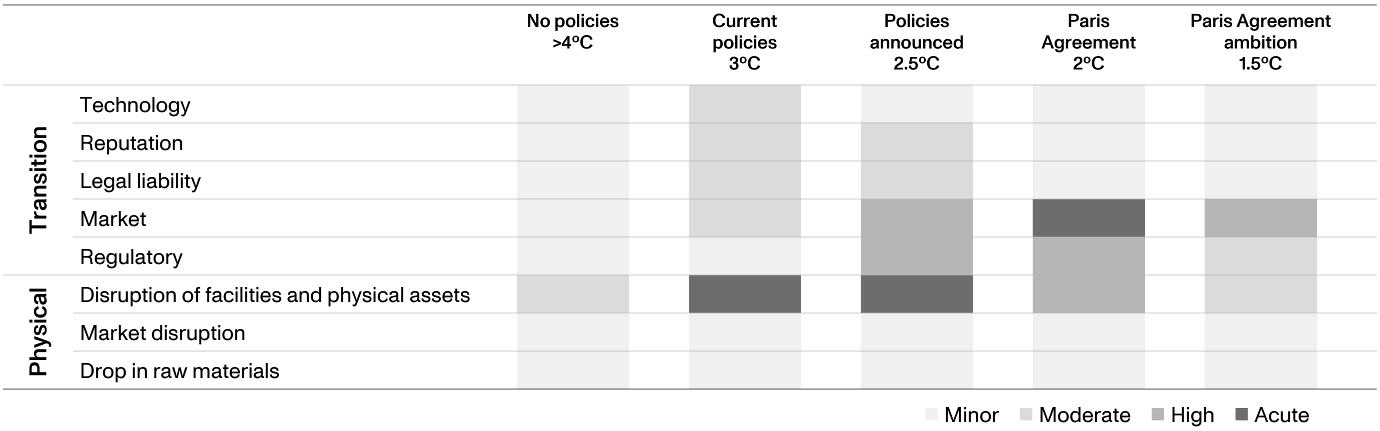
Climate risks over the short, medium, and long term

To estimate the short-, medium- and long-term climate-related risks, we calculated each of them as per the five emissions pathways for our Company.

Medium- and long-term risks are estimated by translating the five-year cash flow estimates from the short term to the two corresponding future horizons.

In doing so, we seek to understand how our business model would behave under the climate conditions of each pathway. In this way we can understand what impact comes from climate evolution[27].

Short-term climate risk assessment (0-5 years)



Over the next five years, the financial impacts of physical risk are relatively limited and slightly lower than those reported in the previous year, mainly due to a decrease in the impacts caused by our key facilities to extreme weather events. This decrease is due mainly to changes in climate models and the improvement in the estimation of exposure in our value chain key facilities.

The frequency and severity of physical risks as a result of the step-up from CMIP5 to CMIP6 has increased. Even so, the probability that acute events could cause significant losses ('catastrophic physical tail risks') remains low at present.

The most impactful weather events for the Group are heatwaves, river flooding and drought or water stress.

In the short term, around 70 % of physical risk, in its different manifestations, comes from our own operations. The remaining 30 % corresponds to third-party transactions.

[27] The impacts reflected by each climate risk typology, emissions trajectory and horizon are adjusted for the probability of occurrence of each of the emissions trajectories.

Medium-term climate risk assessment (5-10 years)

		No policies >4ºC	Current policies 3ºC	Policies announced 2.5ºC	Paris Agreement 2ºC	Paris Agreement ambition 1.5ºC
Transition	Technology	Minor	Moderate	Minor	Minor	Minor
	Reputation	Minor	Moderate	Moderate	Moderate	Minor
	Legal liability	Moderate	High	High	High	Moderate
	Market	Minor	Moderate	High	Acute	High
	Regulatory	Minor	Minor	High	High	Moderate
Physical	Disruption of facilities and physical assets	Moderate	Acute	Acute	High	Moderate
	Market disruption	Minor	Minor	Minor	Minor	Minor
	Drop in raw materials	Minor	Minor	Minor	Minor	Minor

Minor Moderate High Acute

Long-term climate risk assessment (+10 years)

		No policies >4ºC	Current policies 3ºC	Policies announced 2.5ºC	Paris Agreement 2ºC	Paris Agreement ambition 1.5ºC
Transition	Technology	Minor	High	Moderate	High	Moderate
	Reputation	Minor	Moderate	Moderate	Minor	Minor
	Legal liability	Minor	Moderate	Moderate	Minor	Minor
	Market	Minor	Acute	Acute	Acute	High
	Regulatory	Minor	Minor	Acute	Acute	High
Physical	Disruption of facilities and physical assets	Moderate	Acute	Acute	High	Moderate
	Market disruption	Minor	Minor	Minor	Minor	Minor
	Drop in raw materials	Minor	Minor	Minor	Minor	Minor

Minor Moderate High Acute

Opportunities arising from climate change[28]

At Inditex, we want to progress towards a better impact. In this process it is essential to reduce our exposure to climate change-related risk and, at the same time, to identify the opportunities offered to us by a low-carbon economy to ensure our Company's resilience and capacity to be a part of the transformation of our industry.

[28] For more information, see our responses to the CDP Climate Change questionnaires, available at www.cdp.net.

Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Integrated business model	We continually update all our formats to introduce cutting-edge technology in our integrated platform of physical and online stores, creating an efficient, sustainable and integrated economic model. We create opportunities for improvement to strengthen our entire ecosystem while minimising resource consumption. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
Continuous strategic transformation	Our integrated business model gives us a consolidated overview of our customers and their needs at all times. Our strategy capitalises on this advantage to evolve our model towards economic, sustainable and integrating improvements. We start by aiming to maintain the level of commercial success achieved, driven by the opportunities afforded to us by digitalisation processes and our sustainability commitments. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
Innovation	The complexity of the global challenges we face and the path towards a more sustainable model require the increasing introduction of innovation, science and technology in our initiatives. For example, through our platform Sustainability Innovation Hub, we work to provide the industry with new materials, manufacturing processes and initiatives to improve circularity, use or end of life. ⓘ More information in section *6.4.1. Initiatives to progress towards a circular model* of this Report.

Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Customer orientation	We use a process of continuous interaction with our customers as the main tool for identifying the latest trends and developing products that meet their demands, whether in clothing, footwear, accessories or household products. We maintain high standards through a combination of design, quality and sustainability at affordable prices. This constant connection has allowed us not only to adapt to new needs, but also to gradually add new services, technologies and channels. ⓘ More information in section *7.4. Our customers* of this Report.
Transformation of the sector	We have established a unique business model distinguished by its flexibility and efficiency, constant innovation, the creativity of our staff and our focus on sustainability integrated in every process involved. On that basis, we resolutely and collaboratively strive to promote the transformation of the sector, generating a positive impact on society, the industry and our environment. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
New business models	In keeping with our commitment to using resources more efficiently, we are developing innovative solutions that allow our customers to request repairs, or sell or donate Zara garments they have at home through our Zara Pre-Owned platform, already available in certain markets. ⓘ More information in section *6.4. The transition to a circular economy: resources, products and waste* of this Report.
Collaboration	To address the paradigm shift that is crucial to tackle the challenges linked to the fight against climate change, circularity or the sustainable development of communities, it is imperative that we join forces with all the actors involved. In this connection, we take an open approach in which collaboration is a key pillar for transformation. Examples of this are our partnership with entities such as the United Nations Global Compact, The Fashion Pact, Ellen MacArthur Foundation or Zero Discharge of Hazardous Chemicals, among others. ⓘ More information in section *5.3.1. Stakeholder engagement* of this Report.
Efficient consumption of natural resources	In our commitment to sustainable development, at Inditex we strongly advocate circularity, an economic, management and production approach aimed at balancing growth with conserving natural resources and progressing in the decarbonisation of the entire value chain. For us, circularity is a differential model of production and consumption encompassing all stages from a product's design to its end of life. This approach fosters the reuse and recycling of articles, extending their life cycle and minimising the use of natural resources, energy consumption and waste generation. ⓘ More information in section *6.4. The transition to a circular economy: resources, products and waste* of this Report.
Energy efficiency	Energy efficiency is a priority in both our designs and our day-to-day operations. In this regard we are constantly reviewing our standards to reflect cutting-edge practices and implementing new programmes to advance on the path of continuous and sustainable improvement in our operations. We work closely with our suppliers and other organisations to promote the rational and efficient use of energy throughout the value chain. ⓘ More information in section *6.1. Climate change* of this Report.

Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Generation of renewable energies	The generation and acquisition of energy from renewable sources plays a central role in our energy strategy. For this purpose, we invest in generating renewable energy at our own operating facilities. We have solar thermal, solar photovoltaic or wind energy, as well as infrastructure to harness geothermal energy. This diversification reduces our dependence on third parties in these aspects, and also introduces innovative concepts, such as additionality in the implementation of new power generation infrastructure in the grid. ⓘ More information in section *6.1.4. Lower-impact consumption and efficiency and optimisation initiatives* of this Report.
Sustainable building	We make the investments needed in all our headquarters, platforms and stores to oversee, reduce and mitigate the impact of the consumption of resources. When building our headquarters, we follow bioclimatic criteria, encouraging the installation of photovoltaic panels, the collection of rainwater for non-drinking uses and the implementation of self-regulating lighting systems in accordance with outside light conditions, as specific examples of our sustainable practices. ⓘ More information in section *6.1. Climate change* of this Report.

6.1.5.3. Climate risk management

At Inditex we manage our risks through our Risk Management and Control Policy, approved in 2020. This policy establishes our Integrated Risk Management System, which helps us to manage and control the risks that impact our Company, including those linked to climate change.

Although the management of climate risks follows general risk management principles, their specific characteristics are taken into account when it comes to assessing and quantifying them. Accordingly, we approach climate risks effectively, acknowledging their importance in the current context.

ⓘ More information in sections *5.1.3.1. Risk management framework* and *5.1.3.2. Risk map* of this Report.

6.1.5.4. Metrics and targets

Targets

At the 2023 Annual General Meeting of Inditex, we presented the latest update of our sustainability commitments which includes new and stringent pledges with a view to achieving net zero emissions by 2040.

In keeping with these targets, in 2023 we also submitted to the Science-Based Target Initiative (SBTi) the latest update of our 2030 climate commitments and our 2040 net zero emissions target for their validation. We have also devised our new Climate Transition Plan, which details our decarbonisation strategy, the resources we estimate will be needed and the collaborative initiatives we will launch to advance our commitment to addressing climate change.

ⓘ More information in section *6.1. Climate change* of this Report

Decarbonisation mechanisms

As well as setting decarbonisation targets, we promote mechanisms to advance in their achievement, such as our variable remuneration system.

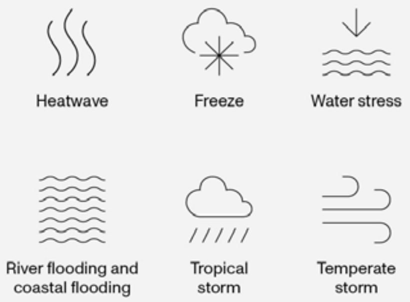
This system links our teams' remuneration to the attainment of the Company's objectives, including our sustainability commitments. For example, both our CEO and senior management have specific incentives associated with emission reductions.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Metrics

Assessment of climate change risks

Physical risks



Physical asset damage

Cost to repair and replace property, equipment and inventory damaged by extreme weather events.

Raw material supply

Agricultural products and water supply are affected by extreme weather phenomena and chronic climate changes.

Key facility operations

Disruption to output of production and activities from extreme weather phenomena.

Disruption of earnings

Extreme weather events affect consumers' buying habits.

Transition risks

Regulatory dimension

/ **Carbon pricing:** carbon pricing policies vary in each of the jurisdictions so as to incentivise decarbonisation. Organisations pay a price for emissions throughout their value chain.

/ **Carbon markets:** the development of emissions markets, still largely voluntary, is experiencing an increase in demand.

Market dimension

/ **Consumers preference for sustainability:** consumers tend to prefer alternative products and services that are sustainable. Competitors may emerge who propose innovations that transform demand and threaten to capture market share from the established players.

Technological dimension

/ **The pace of adoption of low-carbon technologies,** and the resulting 'green premium', may affect the competitiveness of companies as a consequence of the impact in terms of operating expenses and the value of the assets. Investments must seek a balance between innovation and profitability.

Legal liability dimension

/ **Lawsuits from emissions and climate damage:** a generalisation of lawsuits against companies for their liability in emitting greenhouse gases and the damaging economic and environmental consequences thereof.

Reputational dimension

/ **Climate activism and stigmatisation by consumers:** a negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also affects investor confidence and access to capital.

Summary of climate change risk

TCFD Framework	Dimensions	Upstream raw materials supply	Supply chain and operations	Final stages value chain	Group financial risks
Physical risks	Acute risks: extreme weather events	Short-term disruptions in the supply of raw materials	Operational interruption and damage to physical assets	Short-term demand disruption	
	Chronic risks: gradual changes in weather patterns	Viability of raw materials supply in certain regions	Threats to the value chain in certain regions as a result of water stress and heat waves	Dependence on demand for certain products in certain regions	
Transition risks	Regulatory risks: carbon pricing	Increased emissions cost in early stages of the value chain	Increased cost of fossil-fuel-dependent activities	Pass-through of higher costs as a result of demand elasticity	
	Technological: innovation in low-carbon technologies	Cost of decarbonisation in early stages of the value chain	Devaluation of carbon-intensive physical assets	Disruptive competition that erodes market share	
	Market: consumers' preference for sustainability			Consumer preferences shifting towards sustainable alternatives	
	Reputation: climate activism and stigmatisation			Consumers' perception of the Group and its brands	Investment market's perception of the Group's sustainability strategy
	Market: investor sentiment				Market shock resulting from divestment in carbon-intensive sectors
	Liability: climate litigation				Lawsuits linked to the contribution to climate change

6.2 Water management

Material topic: Pollution; Water management

6.2.1. Ambition and goals concerning water

GRI 3-3; 303-1; 303-2; 303-3; 303-4

At Inditex we are aware of the critical importance of water for life and ecosystems and the challenges posed in terms of availability and quality. To address those challenges, we conduct out initiatives on our own and in partnership with our stakeholders to reduce our environmental impact and preserve marine and freshwater ecosystems.

Our approach to water management takes into account water all the dimensions related to our direct and indirect activities. That is why, in 2023, we signed a commitment with CEO Water Mandate to preserve fresh water through collective action in 100 water-stressed river basins around the world by 2030.

Furthermore, we prioritise reducing water consumption in our operations and supply chain. Consequently, we have set ourselves the goal of reducing water consumption in our supply chain by 25% in 2025, as compared with 2020. This will help preserve water as a natural resource and lower our greenhouse gas (GHG) emissions by reducing energy use in related processes.

We are currently working to update our Global Water Management Strategy, aimed at ensuring sustainable and efficient water usage across our value chain while promoting activities linked to the protection and restoration of river basins and other aquatic ecosystems.

Within the framework of this strategy, we have different lines of action focused on the analysis of impacts and their mitigation, including:

/ The efficient and responsible use of water through the implementation of the best available technologies, reuse and recycling of water.

/ Improving the quality of the discharge and its responsible management such as the use of safe and sustainable chemical products.

/ The implementation of a fibre plan that involves the use of organic and regenerative practices with the use of raw materials with a lower impact on water.

/ The protection of aquatic ecosystems and the restoration of deteriorated water basins.

Another relevant initiative is the work around the Green to Wear standard to expand knowledge about the water context in our supply chain. Parameters such as water stress, the source and distribution of the water used and water reuse and recycling help us to propose a strategy contextualised to suit the local situation of water resources at each facility.

6.2.2. Water management initiatives in own operations

GRI 3-3; 303-1; 303-2; 303-3; 303-4; 303-5

At our facilities, water is mainly consumed for cleaning and sanitary purposes. In addition, our industrial plants use water, mainly for steam generation and cooling by means of closed-loop systems. We can therefore estimate that the amount of water consumed is directly equivalent to the amount discharged. Furthermore, wastewater in all our facilities is channelled to the appropriate wastewater systems. On that basis, our water usage and management does not have an impact on protected habitats.

In 2023, water consumption in own facilities—corporate headquarters, factories, logistic centres and stores—amounted to 1,767,463 cubic metres, i.e. 1% less than in 2022. The water consumption at our centres is calculated through direct meter readings and bill charges from public water utilities companies[29].

Water consumption

Year	Water consumption (m^3)	Relative water consumption (litres/m^2)	Relative water consumption (ml/€)
2023	1,767,463	234	50
2022	1,780,190	240	55

Moreover, we have initiatives in place such as the use of storm tanks at our centres in Cerdanyola, Arteixo and Lelystad. In 2023 these tanks collected 35,356[30] m^3 of water, i.e. 41% more than in 2022; this water was used for irrigation and sanitation.

6.2.3. Water management initiatives throughout the supply chain

GRI 2-28; 3-3; 303-1; 303-2; 303-3; 303-4

Our supply chain encompasses one of the most water-intensive areas of our value chain, namely wet processes (dyeing, washing, finishing and printing, among others). Mindful of the importance of these processes in water management, in 2023 we implemented initiatives aimed at reducing water consumption and improving discharge quality, including:

/ Proposal for updates to our Green to Wear standard that allows it to be adapted to the new production processes, as well as to foster, to the extent possible, even greater savings in water usage.

/ Devising improvement plans in conjunction with wet process facilities to optimise water usage and improve the quality of wastewater discharges.

/ Publishing best practices in water management and in the improvement of discharge quality.

/ Creating a network of partner facilities to implement measures and technologies derived from the innovation developed by the Group in collaboration with companies from various sectors and with the purpose of saving water and improving discharge quality.

By implementing these initiatives, we have been able to cut water consumption by 20% in our supply chain[31], compared to 2020. We are committed to achieving a 25% reduction by 2025.

Year	Relative water consumption (litres/kg garment)(1)
2023	77
2022	79
2020 (base year)	96

(1) Consumption for 2022 and 2020 has been recalculated based on the improvements made to the corporate systems that provide greater detail of the production processes.

Environmental improvement plans

A fundamental pillar of our Supply Chain Transformation Plan rests on environmental improvement plans. These plans serve the facilities of our suppliers and manufacturers to advance in minimizing impacts and transforming the sector.

In relation to water, the participating facilities must fundamentally achieve the following objectives:

/ Reduction of water consumption until reaching the 'excellent' level, in accordance with our internal standards.

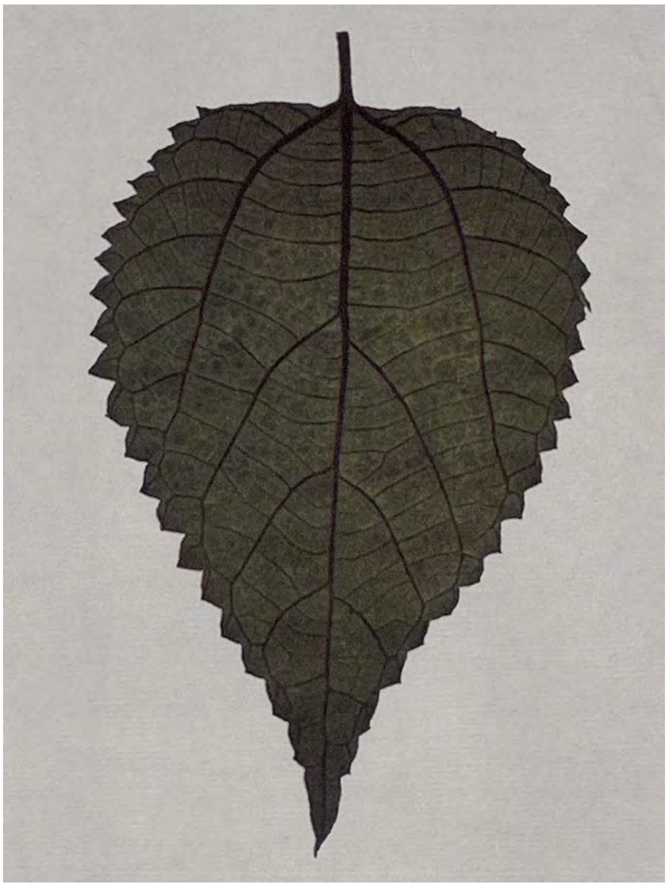
/ Alignment of the wastewater discharge quality with the ‘foundational’ level of the discharge standard developed by Zero Discharge of Hazardous Chemicals (ZDHC).

/ Use of ZDHC level 3 certified chemicals.

[29] Water consumption at corporate headquarters and logistics centres was calculated using primary data. As for consumption by own stores, it was estimated based on the net expenditure per store. We have used the specific average price of 20 markets, and for all other markets, we have used the average of m^3/m^2 per concept.
[30] The volume of water collected in storm tanks was calculated using flow meter measurements
[31] Supply chain water consumption is calculated for all production facilities in our supply chain that perform a wet process. The calculation methodology includes real consumption data collected in factories, for example, through environmental audits. For cases in which the information is not available, it has been estimated from the averages of the environmental audits.

The facilities propose an action plan to achieve these objectives that includes concrete measures, implementation dates and a quantification of the reduction of impacts. A network of internal and external specialists analyses the viability of the plan and the scope of each of the proposed actions. Once validated, the facilities have, at all times, technical support and monitoring of these plans by this network of specialists.

The environmental improvement plans integrate the Care for Water plans. Throughout 2023 we have collaborated with 118 facilities to improve their water consumption through this programme.



New requirements for water management in our supply chain

We have included new requirements related to water management in our environmental preliminary assessment (EPA), which is carried out at the facilities in our supply chain subject to the Green to Wear standard, once they have passed the pre-assessment. Consequently, facilities that do not have the means to control their overall water consumption and the individual consumption of their machinery are barred from our production. Likewise, neither are facilities which do not implement measures to prevent water loss or reuse water accepted in our production chain.

Knowledge transfer platform

The platform provides information for wet process facilities to improve their water consumption and the quality of wastewater discharges. The measures to improve water consumption include optimising the production process, using certain chemical products or the possibilities of reusing and recycling water, always tailored to the production process at each facility.

In addition, among other things, facilities can access information on the investment needed, the estimated impact on water consumption and even potential constraints in the implementation of the measures. The platform also provides information on the benefits of the proposed new technologies over conventional ones.

This tool was developed through a collaborative approach open to the entire textile industry, which is why we have made the platform publicly accessible via our corporate website to anyone interested.

In 2023, we added more than 30 new measures for the production of both textile and leather articles, ranging from innovative technologies and chemicals to easy-to-implement, zero-cost measures that boost efficiency at facilities. Likewise, many other measures already included in previous years have been reviewed and updated.

Network of collaborating facilities in the implementation of own R&D

At Inditex, we work with several facilities to roll out various innovative measures and technologies aimed at improving efficiency in water consumption and/or to enhance discharge quality.

Along with improving water consumption, this innovation and development network aims to prove that new measures and technologies work on an industrial scale. At the same time, information is provided to compile case studies to demonstrate the improvements achieved, paving the way for their rollout at other facilities.

With this goal in mind, in 2023 we conducted pilot projects at various facilities in Portugal and Türkiye. Although focused on reducing water consumption, these initiatives also delivered improvements in energy consumption, productivity and lowered production costs.

A case study was carried out in Türkiye in which two measures published on our knowledge transfer Platform were implemented:

/ 'Cold washing after the dyeing process with reactive dyes', which reduces the water needed to rinse after dyeing.

/ 'One-step exhaust dyeing', which involves simultaneously pre-treating and dyeing the fabric.

The results obtained from the joint implementation of both measures in the various tests carried out showed very significant savings:

/ Water consumption reduction: up to 41%.

/ Steam generation reduction: up to 60%.

/ Electricity consumption reduction: up to 30%.

/ Reduction of process duration: up to 32%.

R&D+i for the prevention of microfibre shedding

In 2023 we worked to develop a number of measures to prevent both synthetic and natural microfibre shedding in the two areas of the value chain where this shedding and subsequent release into wastewater is especially relevant: wet processing and domestic laundry.

This year, we presented the Air Fiber Washer, developed in partnership with the Spanish company Jeanología, which aims to help prevent the release of microfibres in domestic washing. Using an innovative, air-based technology, this new development makes it possible to remove, prior to selling textile articles, a large part of the microfibres that would otherwise be released later in domestic washing. Furthermore, this is achieved without increasing water and energy consumption or compromising the quality of the treated fabrics.

Also in 2023 we launched The Laundry by Inditex on an industrial scale. This household detergent is designed to reduce microfibre shedding in domestic washing. This solution, jointly developed by Inditex and BASF Home Care and I&I Solutions, can reduce microfibre shedding by up to 80%, depending on the type of fabric and washing conditions.

In addition, we work with other industries to develop new technologies or production systems with a lower impact on water resources. A good example is the joint development of *PIGMENTURA* by CHT, an innovative dyeing solution that not only slashes water consumption by up to 96%, but also prevents microfibre shedding. This novel development, which is the result of our research partnership with CHT that commenced in 2020 and that we launched on an industrial scale this year, is based on a pigment dye that does not require washing and drying processes, thereby reducing the energy needed to heat the water used in conventional production processes. This can save up to 60% of energy compared to other, continuous dyeing technologies.

6.2.3.1. Collaborations with external initiatives

In order to optimize environmental management in our supply chain, we collaborate with the Institute of Public & Environmental Affairs (IPE) of China, which disseminates environmental information, provided by both Government and factories and brands.

In addition to the environmental performance of the textile factories, the IPE monitors suppliers of raw materials and chemicals, as well as the wastewater treatment plants and the results of wastewater analyses. In 2023 the IPE recognised our Company's efforts to improve environmental performance in our supply chain, ranking it third both globally and in the textile sector in the index it publishes annually.

Furthermore, we have adopted the Manufacturing Restricted Substances List (MRSL) by the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. This regulates the quality of discharges, facilitating compliance with requirements for both chemical suppliers and the facilities that use them. We also integrated our The List, by Inditex programme in ZDHC's chemical product control strategy, providing key information to determine whether a particular chemical is compliant with MRSL discharge parameters as well as applicable legal requirements.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

With the desire to advance in the evaluation of impacts and the setting of objectives around the protection of water and nature, we have carried out a pilot with the new reference framework of the Science Based Targets Network (SBTN).

Throughout 2023 we have worked with World Wildlife Fund (WWF) to update our Water Management Strategy, as well as to seek collaborative actions with other companies and organizations.

In 2023 we joined the Alliance for Water Stewardship (AWS), an organisation at the forefront of water governance, with the aim of exchanging knowledge and experience with other leading companies in water management in different sectors, as well as taking joint action with some of them in those river basins shared by our activities.

6.3. Biodiversity and ecosystems

Material topic: Biodiversity and ecosystems

6.3.1. Our Biodiversity Strategy

GRI 2-23; 3-3; 304-2

At our Company we understand how important it is to preserve ecosystems to sustain society and life. That is why we are committed to protecting natural ecosystems in all areas of our value chain, but also wherever it is important for the welfare of communities and for biodiversity itself.

In 2013 we published our Biodiversity Strategy based on the principles of the United Nations Convention on Biological Diversity, aimed at protecting and preserving biodiversity in all areas of our value chain. This strategy is complemented by the Global Energy Strategy and the Global Water Management Strategy, aimed at reducing energy and water usage and cutting harmful discharges and greenhouse gas emissions and, with them, their adverse effects on biodiversity.

We currently have reference new frameworks in place to guide and strengthen our work on biodiversity and ecosystems, such as the Science Based Targets Network (SBTN) and the Taskforce for Nature-related Financial Disclosure (TNFD).

In this regard, we follow the AR3T (Avoid, Reduce, Restore & Regenerate, and Transform) framework, proposed by the SBTN, a comprehensive framework encompassing actions across five dimensions:

/ Avoid
/ Reduce
/ Restore
/ Regenerate
/ Transform

Inditex's commitment to biodiversity

As part of our new sustainability commitments, we aim to protect, restore, regenerate, or promote other management approaches to improve biodiversity in an area of five million hectares.

To achieve this, we work with different organisations such as Conservation International whose Regenerative Fund for Nature fosters regenerative farming and practices. Another such organisation is the World Wildlife Fund (WWF), which we support in restoring endangered ecosystems in Europe, Asia, Africa and Latin America.

In 2021, we launched the #bringyourownbag (#*traetubolsa*) initiative and began charging for recycled paper bags and envelopes in our stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, and thus reducing waste generation and minimizing consumption. of raw materials, water and energy.

This initiative, currently present in 77 markets (59 markets in 2022), has made it possible to reduce the number of bags and envelopes delivered to our stores by 47%. Likewise, the collection obtained for environmental projects since 2021 has been 79 million euros, of which we have allocated, at the end of the year, 54 million euros[(1)] to projects in 21 countries.

(1) Due to the lag between the collection of funds and the formulation of the initiatives, currently the amount collected is higher than the contribution allocated to projects.

6.3.1.1. Avoid: thus preventing damage in the first place

The most important measure in fostering biodiversity is to first prevent potential negative impacts on nature, especially in the most sensitive areas.

With this aim in mind, we implement actions designed to avoid negative impacts on ecosystems of high biodiversity value, such as primary forests or the habitats of endangered species. To avoid these impacts we use two fundamental tools:

/ **Forest Product Policy.** Forests play a pivotal role as a haven for biodiversity while also contributing to the water cycle, acting as greenhouse gas sinks and, sometimes, they are natural and heritage areas of huge importance to the local communities. That is why we ensure that all forest material that we use—such as wood or pulp—comes from responsible farming and not from primary and endangered forests.

This Policy specifies that our paper or wood products and the wooden furniture in our stores must be certified by the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

Moreover, we only work with suppliers of fibres derived from cellulose pulp that are not sourced from primary and endangered forests, classified as 'green shirts' in the Hot Button Report by Canopy, an organisation we have been working with since 2014 to better protect primary and endangered forests.

We are currently revising this Policy to expand its scope to other materials potentially linked to deforestation risk, such as leather.

/ **Animal Welfare Policy.** At Inditex we want to avoid having a negative impact on animals and their natural habitat. That is why those of our products that contain material of animal origin must come from animals bred on farms for the purpose of obtaining meat and, under no circumstances, from animals that are killed to market their skins, shells, horns, bones, feathers or down. Furthermore, these animals must be treated ethically and responsibly, in accordance with the internationally accepted "Five Freedoms" of animal welfare (free from thirst, hunger and malnutrition; free from fear and distress; free from discomfort and exposure; free from pain, injury and disease; free to express normal behaviour).

6.3.1.2. Reduce: how we minimise our impact on biodiversity

After avoiding negative impacts, our next focus is to reduce those impacts that might arise as a result of our activity. To achieve this goal, we prioritise materials and production processes that reduce potential negative impacts on biodiversity, through:

/ **Progress towards decarbonisation:** we work to help reduce the adverse effects of climate change on ecosystems and biodiversity, acknowledging their interdependence.

ⓘ More information in section *6.1. Climate change* of this Report.

/ **Reducing water usage:** we undertake to reduce the water consumption in our supply chain by 25% in 2025. We also strive to minimise the impact of wastewater through our commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. We also work to improve water quality and reduce the load of microfibres that can be released into water through industrial and domestic washing processes, contributing to innovation in this regard.

ⓘ More information in section *6.2. Water management* of this Report.

/ **Implementation of initiatives to progress towards a circular economy model:** we prioritise innovation in recycled materials, production processes and use and end of life, with the aim of reducing impacts throughout our products' life cycle. These initiatives allow us to reduce land use, preventing the conversion of ecosystems, and the use of natural resources, minimising the environmental impact associated with the supply and end of life of garments. In this regard, our goal is that by 2030, 40% of our textile products and raw materials should be sourced from conventional recycling, and another 25% from new-generation fibres.

ⓘ More information in section *6.4. Transition to a circular economy: resources, products and waste* of this Report.

/ **Use of organic raw materials or those in transition:** we use raw materials that exclude pesticides and chemical fertilisers that degrade fertile soil, pollute water and hamper biodiversity and communities. We estimate that 25% of the raw materials we use will come from organic or regenerative farming by 2030.

ⓘ More information in section *6.4.2. Design and selection of raw materials* of this Report.

6.3.1.3. Restore: we support the conservation and restoration of ecosystems

In keeping with our 2030 commitment of attaining five million hectares protected, restored, regenerated or under other forms of management for biodiversity improvement, we aim to restore degraded natural areas to a state as close as possible to their original state.

To achieve this, in 2023 we were involved in various projects of this kind:

/ **Restoration and conservation of ecosystems:** we contribute to projects to restore and conserve ecosystems worldwide in partnership with WWF. Accordingly, we support the restoration of forests like the Datça-Bozburun, in Türkiye, the holm oak forest in the Cratere degli Astroni nature reserve in Italy, or the Dadia-Lefkimi-Soufli Forest National Park in Greece. We also contribute to the recovering of river basins and freshwater ecosystems in North Africa—in the Sebu basin in Morocco and the Guerbes-Sanhadja plains in Tunisia and Algeria—as well as the Mekong Delta in Vietnam.

In Spain, we have joined the new public-private fund to mitigate the risk of forest fires, set up by the Galicia Regional Government in 2023. This project is focused on restoring areas affected by forest fires and the deployment of fire prevention work.

/ **Restoration and protection of habitats of endangered fauna:** we are working with WWF on actions to restore and protect the habitats of endangered fauna, such as the Gran Chaco tropical forest and Pantanal wetlands in South America, as well as various natural areas in Mexico to conserve endangered native species such as the Monarch butterfly and the jaguar. In China, we support projects in the Taihang-Yan mountains and the Amur-Heilong region to protect the habitats of the leopard and the Amur tiger, respectively.

/ **Promoting sustainable forestry:** our goal is to improve forestry management through sustainable forestry models. We launched this initiative in 2018 with the Pico Sacro demonstration forest project in Spain. Since then we have expanded this line of action to include other demonstration forests in various locations. In Galicia, in collaboration with the Galician Forestry Association; in Portugal, with the Portuguese Forestry Association, Forestis; and in Castilla-La Mancha with WWF.

6.3.1.4. Regenerate: revitalising ecosystems to protect biodiversity

At Inditex we know how important it is to nurture productive areas in which biodiversity and communities can thrive.

To that end, we promote regenerative agricultural and land management practices aimed at fostering a balance between productive land use and healthy ecosystems. These initiatives promote the preservation of nutrients in the soil and enhance its capacity to absorb carbon, positively addressing climate change, as well as improving water management and quality and the conservation of local biodiversity.

In 2023 we contributed to these regenerative practices on various fronts:

/ **Investment in innovative agricultural projects:** we work with the Regenerative Fund for Nature in collaboration with Conservation International and the Kering Group, investing in innovative projects in connection with our raw materials, aimed at transforming the fashion industry's relationship with nature. To achieve this, the fund invests in agricultural communities, project leaders and NGOs so as to implement regenerative approaches that not only preserve the viability of the land but also benefit farmers, enhance animal welfare and the health of ecosystems, and foster climate change mitigation and resilience.

Specifically, in 2023 we supported two projects that foster regenerative practices in India and Pakistan through the Organic Cotton Accelerator (OCA). We also supported a project focusing on cattle in conjunction with Fundación Solidaridad in the Gran Chaco forest region of Argentina.

Also in this sphere, we continue to take action in India, supporting the transition to regenerative practices and nature restoration in an area spanning 300,000 hectares in the Indian states of Madhya Pradesh and Odisha, in partnership with Action Social Advancement (ASA), , together with Laudes Foundation, IDH - The Sustainable Trade Initiative and WWF India.

6.3.1.5. Transform: key to protecting biodiversity in the long term

The transformation of our way of working as a society and industry is essential to preserve ecosystems and biodiversity. This is why we support initiatives aimed at driving this transformation, in particular through coordinated and collective action between key agents.

Among them, we highlight the following initiatives:

/ **Business for Nature:** in 2023 we joined more than 80 companies calling on European leaders to be highly ambitious regarding the new European Nature Restoration Law. Specifically, this platform is calling for more regulation and greater efforts to protect and restore nature, and to foster the sustainable use of resources, with clear roadmaps and support for communities.

/ ***Arctic Corporate Shipping Pledge:*** promoted by the Ocean Conservancy, encourages major logistics operators and global brands to undertake to avoid shipping routes through the Arctic, as well as to find ways to reduce the emissions from global shipping.

/ ***LEAF Coalition:*** coordinated by Emergent, aims to encourage countries to promote measures geared to curbing deforestation in tropical and subtropical countries. The idea is to halt the loss of biodiversity and avoid the greenhouse gas emissions deriving from deforestation.

/ **The Deforestation-Free Call to Action for Leather:** In 2023 we joined this collective action initiative in the sector, led by Textile Exchange and the Leather Working Group (LWG). This initiative urges brands to commit to obtaining their bovine leather from deforestation-free supply chains by 2030 at the latest, investing to foster best practices in this regard.

/ ***The Fashion Pact:*** this sector-specific initiative is aimed at improving the fashion industry's impact on nature by protecting biodiversity, taking climate action and preventing microplastic ocean pollution.

6.4 The transition to a circular economy: resources, products and waste

Material topic: Pollution; Circular economy and efficient use of resources; Health, safety and well-being

6.4.1. Initiatives to progress towards a circular model

GRI 2-28; 3-3; 301-2; 306-1; 306-2

Our sustainability strategy covers our aim to progress towards a circular economy model that transforms waste into resources. Not only is circularity a transformative aspect in our Company and industry, but it represents an opportunity to improve our long-term resilience and efficiency. That is why we endeavour to integrate it at every level of our organisation, from design and production processes to managing our stores, logistics and offices.

To achieve this, we believe in innovation in materials, production processes and the use and end of life of our products. We base this innovation on collaboration with universities, startups, companies from different sectors and social organisations.

Indeed, implementing these innovative projects and providing the sector with fibres and processes that have a lower impact than traditional ones is one of the drivers of our circularity strategy.

Sustainability Innovation Hub

In 2023 we continued to work on our Sustainability Innovation Hub (SIH), a centre for innovation whose purpose is to minimise the environmental impact of the raw materials and processes used in the textile industry. To achieve this, we join forces with startups, academic institutions and other industrial and technological organisations in proposals that are assessed based on their impact on social aspects, circularity, biodiversity and animal welfare, as well as being subjected to a life-cycle environmental analysis. This assessment covers 16 impacts in areas such as emissions, water and land use.

Thus, in 2023 and in the field of collaboration with start-ups, this platform expanded considerably, going from 200 to 350 emerging companies working to incorporate new materials, improve production processes and make headway in connection with traceability, packaging and use and end of life. Furthermore, the Hub advanced in the environmental, technical and commercial analysis of 23 new startups and conducted 30 life cycle analyses.

The SIH also focused on being a catalyst for pilot projects and demonstrations in 2023. As a result, we carried out pilot projects for more than 35 innovations and launched on the market collections with various startups, such as NILIT and CIRC with Zara Woman, Circular Systems with Zara Home and Ambercycle with Zara Athleticz, as the first milestone in our ongoing collaboration with them.

In addition, we have also signed a forward purchase agreement with the American startup Ambercycle for the purchase of its recycled polyester chips made from 100% textile waste, valued at more than 70 million euros. Production at the new commercial plant is scheduled to commence in 2025.

A notable milestone for SIH was an agreement to incorporate the first 2,000 tonnes of Circulose® pulp, a new textile pulp produced from recycled cotton waste using a chemical process invented by the Swedish recycling company Renewcell. This adoption will mark the first step in our plan to phase Circulose® fibre into our portfolio of innovation fibres.

In 2023, we also launched LOOPAMID® x ZARA, a capsule in which we have collaborated with various companies, including BASF chemistry. For this launch, ZARA Studio has developed a single-material jacket made entirely with LOOPAMID®, a polyamide entirely created from textile waste. The fabric, padding, zipper, buttons and even the velcro are made from this innovative material created from textile waste.

Collaboration to scale production of recycled polyester from textiles

In 2023, we signed a three-year agreement to purchase cycora®, a recycled polyester made from textiles.

We have formed a strategic partnership with Ambercycle, an innovative materials startup, to help scale the production of recycled polyester made from textiles. This agreement includes the purchase of a significant portion of the annual production of cycora®—an innovative material made from post-industrial and post-consumer polyester waste—for more than **70 million euros, over a three-year period.**

Thus, the construction of Ambercycle's first commercial-scale textile regeneration factory will be supported, whose molecular regeneration technology will make recycled synthetic materials more widely available and accessible in the textile industry. The first commercial cycora® plant is expected to commence production in 2025, with a view to incorporating this fibre into Inditex's product range in the following three years.

As part of this agreement, Zara Athleticz has launched its first capsule collection in partnership with Ambercycle, which includes technical garments made with up to 50% cycora®. This collection shows the potential of innovative materials to create highly functional products with a lower environmental impact.

At Inditex we want to advance in the use of recycled materials, which avoid the need to extract new raw materials and reduce waste generation. This, in turn, eases pressure on natural resources such as water and fertile land and helps preserve the environment and reduce greenhouse gas (GHG) emissions.

That is why we are committed to using 40% recycled fibres by 2030, as part of our goal to use 100% lower-impact textile raw materials by that date.

This is a challenging goal for our Company and for the textile industry. At present, textile waste collection and sorting technologies and infrastructure are not capable of recovering large volumes of waste and transforming it into resources. An additional challenge is to ensure that recycled fabrics maintain a quality comparable to the original fabrics.

At Inditex we are addressing this problem through our own textile recycling projects and in collaboration with other organisations.

We also collaborate with organisations like the Ellen MacArthur Foundation, Circular Fashion Partnership, Global Fashion Agenda and Fashion for Good, on initiatives like design for recyclability, the assessment of infrastructure to process waste or new forms of textile recycling.

In this sense, during 2023, we participated in the following initiatives:

/ **ReHubs Europe:** an international non-profit organisation dedicated to promoting textile recycling in collaboration with the European Apparel and Textile Confederation (Euratex). ReHubs Europe emerged after three years of groundwork and the publication of the ReHubs Techno Economic Master Study (TES) on the technical and economic viability of expanding textile waste recycling in Europe (the ReHubs Initiative).

ReHubs Europe comprises member companies and organisations from across the textile value chain, including textile manufacturers, fashion brands, waste managers, recyclers, chemical industry representatives and technology providers, with the aim of promoting the development of projects that generate industrial capacity and expertise on post-consumer textile waste recycling in Europe. Inditex is an active participant in the working groups.

/ **SCRAP**: together with other brands, we co-founded the Association for the Management of Textile Waste with the aim of creating a Collective Extended Producer Responsibility Scheme (SCRAP) for textile and footwear waste in Spain. In 2023, further steps were made in defining aspects relating to SCRAP's governance, collection model and reporting. Inditex takes part in the various working groups set up.

Partnerships to develop circular solutions

We maintain industrial partnerships with more than 20 companies across diverse sectors to find new disruptive circular solutions. To that end, we are involved in every necessary phase: exploration, research, development, pilot testing and implementation.

Also in this connection, we maintain stable relationships with the leaders of various industries to fast-track and transfer solutions in raw materials, production processes and phases of use. This allows us to steer the systemic transformation our industry needs.

An example of this work is our collaboration with BASF, under the framework of a pioneering research partnership in the industry launched in 2019. One of the first results of this collaboration has been the commercial development of recycled polyamide (CCycled and BMB Ultramid®) from waste tyres—which cannot be reused in its own industry—and agricultural waste, respectively. We have launched collections using this polyamide: Oysho already used CCycled Ultramid® in 2022 and Zara adopted BMB Ultramid® in 2023.

A model tailored to demand

Our work is centred on designing high quality, affordable and durable fashion garments. We know that, in order to progress towards an efficient circular model, we need to maximise the life of each garment and optimise the use of materials in their manufacture. To achieve this, it is crucial to understand our customers' needs and to take action at every stage of the textile process.

That is why our product teams work to anticipate the purchasing requirements of our customers. This means keeping an adjusted inventory to be able to adapt to demand over time.

So as to guarantee an agile and effective response to this demand, a very significant portion of our garments are manufactured in proximity markets near our headquarters, such as Spain, Portugal, Morocco and Türkiye. We also combine inventory from our physical stores and online platforms, enabling our customers to access all of our products through our store network or online, which maximises the chances of selling every item.

This flexible and innovative business model helps us to meticulously manage garment inventories to avoid surpluses. In 2022[32], our surpluses represented 0.79% of total articles sold, and the majority of them were donated to charitable organisations such as UNHCR, the Red Cross and Caritas.

We also have for&from stores that operate as charity shops managed by non-profit organisations such as *Fundació El Molí d'en Puigvert*, Galician Confederation of People with Disabilities (COGAMI), *Fundació Privada per la Inclusió Laboral Auria,* Association of People with Mental Disabilities of Alicante (APSA), *Fundación Prodis, Fondazione Cometa and Associação VilacomVida*. These stores offer stable employment to people with physical, intellectual and mental disabilities, and their profits are reinvested entirely in projects run by these community organisations.

ⓘ More information in section 7.3. Communities of this Report.

6.4.2. Design and selection of raw materials

GRI 3-3; 301-1; 301-2; 306-1; 417-1; AF18; AF20

Raw material design and selection influences the impact of our products and is therefore key to our commitment to using lower-impact materials. As part of this, in 2023 we unveiled our Fibres Plan—a cornerstone for improving our impact and advancing our sustainability strategy—to shareholders at the Annual General Meeting.

Our consumption of raw materials according to their origin is divided into two categories: fibres and non-fibres. The fibres category comprises three groups: natural[33] , synthetic[34] and man-made[35] fibres.

Raw materials	2023	2022
Fibres	88%	88%
Natural	53%	50%
Synthetic	38%	40%
Man-made	9%	10%
Non-fibres	12%	12%

[32] Surplus figures are shown for 2022 as the 2023 winter campaign is ongoing in stores at the time of writing this report, and therefore the surplus inventory has not yet been fully processed.
[33] Natural fibres are filaments obtained from natural sources that can be threaded to obtain strands, threads or twine.
[34] Synthetic fibres are made of polymers that are not naturally produced, but fully created in a chemical plant or a laboratory, almost always using petroleum or natural gas by-products.
[35] Man-made fibres are made using a natural component as a raw material that undergoes a number of processes in a chemical plant or a laboratory.

We use the following raw materials in our products[36]:

Raw material	Tonnes	% of total tonnes of raw material
Cotton	277,831	43%
Man-made cellulosic fibres	52,511	8%
Polyester	165,956	26%
Linen	13,141	2%
Other raw materials[37]	136,183	21%
Total	**645,623**	**100%**

Careful selection of fibres

We aim to encourage the design of products that last over time and can be recycled at the end of their useful life. With this in mind, we train our designers and sales teams in sustainability criteria and foster materials with a lower impact on biodiversity, land use, water consumption and the associated greenhouse gas (GHG) emissions.

Accordingly, we have undertaken, by 2030, to only use lower-impact raw materials, which we call preferred[38] materials in line with the definition of industry benchmark organisations like Textile Exchange. In this definition we also include fibres that meet other requirements of excellence established by other relevant organisations such as Canopy and Changing Markets.

This commitment is especially important for our Company, as textile raw materials account for 88 % of the materials we use. The remaining 12 % are non-textile raw materials, such as iron and porcelain.

Our commitment to lower-impact fibres

By 2030, 100% of our textile products will only use lower-impact materials.

/ We estimate that around 25% will be new generation fibres that do not yet exist on an industrial scale and that we are helping to develop.

/ 40% of the textile fibres we use will come from conventional recycling.

/ Another 25% will come from organic or regenerative agriculture.

/ The remaining 10% will include other preferred options in line with the indicators specified by benchmark organisations.

These goals are enshrined in our Fibres Plan, which we announced at the 2023 Annual General Meeting.

In recent years we have worked to promote the use of fibres from preferred sources. As a result of our efforts in this regard, in the last campaign of 2023 the consumption of preferred raw materials was 68% of the total, an increase of 8 percentage points with respect to the previous year.

[36] All purchases from the 2023 summer and winter campaigns are included. The figure includes the raw material used in the final product; it does not include any wastage that may have occurred during the production process. Raw material consumption is calculated based on the garment's weight and percentage composition.
[37] In the summer and winter 2023 campaigns, this category includes 190 raw materials such as wool, leather, glass, wood, paper or certain metals, among others.
[38] Textile Exchange defines a preferred material as "a raw fibre or material that delivers ongoing beneficial outcomes and impacts for climate, nature, and people through a holistic approach to transforming raw fibre and material production systems".

This milestone is founded on the Join Life standard we introduced in 2015 to raise awareness among our customers and staff, and which distinguished products which involved raw materials and processes with a lower environmental impact. Having met our initial aim, and having exceeded our commitment to ensure that 50% of our garments were Join Life by 2022, we no longer distinguish our products with this label.

From now on, our strategy is based on our new Fibres Plan, which sets targets by volume of lower-impact fibres used in the products of each of the Group's brands.

Alongside this strategy, Inditex has developed a new classification of fibres and materials, which is constantly being reviewed and updated, and to which our teams, as well as our suppliers and manufacturers, have continuous access.

We have shared our Fibres Plan on the suppliers' Extranet, including our fibre targets by 2023, 2025 and 2030, and the raw materials currently considered to be lower-impact. We also provide information on international standards certifying the presence of raw materials by type of fibre. This document also presents the suppliers of recycled synthetics and man-made fibres that have so far been identified.

The progress towards the intermediate milestones of our Fibres Plan at year end, in the winter 2023 season, is presented below:

Commitment	Source[4]	% of total tonnes of this raw material	Type of fibre	%
100% preferred cotton in 2023	Preferred	96%	Organic cotton (OCS/GOTS)	7.9%
			Cotton in conversion/transition (OCS/GOTS)	1.6%
			BC cotton[1] (BC)	75.6%
			Recycled cotton (RCS/GRS)	10.4%
	Conventional	4%	Conventional	4.5%
100% preferred man-made cellulosic fibres by 2023, supporting the Changing Markets Commitment	Preferred	85%	Recycled (RCS/GRS)	0.1%
			Other third-party standards (Canopy, Changing Markets[2] or FSC)	85.2%
	Preferred (Canopy only)[3]	7%	Other third-party standards (Canopy)	7.2%
	Conventional	8%	Conventional	7.6%
100% preferred polyester in 2025	Preferred	52%	Recycled polyester (RCS/GRS/Repreve)	51.6%
	Conventional	48%	Conventional	48.4%
100% preferred linen in 2025	Preferred	84%	European linen (European Flax certificate)	83.6%
			Recycled linen (RCS/GRS)	0.2%
	Conventional	16%	Conventional	16.2%

(1) BC cotton is not physically traceable to the final product, as it uses a mass balance system. The percentage of use has been estimated on the basis of the information available in Inditex's systems.
(2) Man-made cellulosic fibres that meet the requirements specified in the Changing Markets' Roadmap towards responsible viscose & modal fiber manufacturing.
(3) Cellulosic fibres from suppliers classified as "green shirts" with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.
(4) Preferred raw materials are only considered to be those for which the corresponding certificate has been received within the time and manner established in accordance with our internal procedures.

Cotton

Cotton is the most widely used raw material at our Company. In keeping with our commitment to preserve natural resources and biodiversity, we have adopted various strategies regarding our cotton consumption.

We use **organic cotton**, i.e. cotton that does not involve the use of synthetic fertilisers and pesticides, or of genetically modified seeds, that is certified by the Organic Content Standard (OCS) and Global Organic Textile Standard (GOTS).

With the aim of promoting organic cotton growing, we are a founding member of the Organic Cotton Accelerator (OCA) initiative, which supports organic cotton farmers from growing to marketing. Likewise, we assist farmers as they transition to organic crops.

In addition, we are members of **Better Cotton (BC)**, an initiative involving actors in the cotton supply chain aimed at training farming communities in best practices for growing cotton.

We are also committed to using **recycled cotton**, which is made from production cutting scraps or post-consumer waste and which undergoes a recycling process to make it into new cotton fibre.

During the last campaign of the year, we have achieved that 96 % of the cotton used meets our objective. The remaining cotton has been classified as conventional since we cannot prove its origin according to our internal procedures.

Preferred man-made cellulosic fibres

Our goal with the artificial cellulosic fibers used in our products is that they meet the following conditions in line with our Forest Products Policy. Firstly we require our suppliers to use man-made cellulosic fibres (viscose, modal, lyocell and acetate) in our products that are sourced from fibre manufacturers rated as 'green shirts' with a score of 25 or higher in the CanopyStyle initiative's Hot Button report, led by the Canopy Planet organisation. Secondly, we continue our endeavours to ensure that, from this year onwards, cellulosic fibres are sourced from manufacturers who are committed to the *Roadmap towards responsible viscose & modal fibre manufacturing* promoted by the Changing Markets Foundation.

In the last campaign of the year, 85% of the man-made cellulosic fibres used in our products met both requirements.

The difficulties in sourcing preferred man-made cellulosic fibres in certain markets has hampered the execution of orders for preferred fabric in 2023. Consequently, we continue to work with cellulose pulp manufacturers in connection with the commitment to the Changing Markets Roadmap. Nine facilities of large fibre manufacturers have already implemented the best available techniques (BATs) in their production processes, and three other facilities will have them in place at the end of 2024 and early 2025. Fibre obtained without BATs is classified as 'preferred – Canopy only' [39].

Meanwhile, we have classified as conventional the fibre whose source we have not been able to prove.

Linen and polyester

We are advancing towards our goal of using only polyester and linen from preferred sources by 2025. In 2023, 52% of the polyester and 84% of the linen we used in our products came from this kind of source.

Recycled materials

When we updated our sustainability commitments we pledged to source 40% of our textile fibres from conventional recycling by 2030, as one of our targets to help ensure that 100% of our textile products use only lower-impact materials. In this sense, in 2023 our products already contain 18% recycled materials (13% in 2022).

Furthermore, through our Sustainability Innovation Hub (SIH) we research alternative and innovative materials obtained from second- and third-generation waste. These materials are designed to ensure the technical and durability standards required in certain products, thereby contributing to sustainability and reducing the environmental impact in our supply chain.

In 2023 we also worked on producing a guide to threads and yarns that contain mechanically recycled cotton fibre, mainly post-industrial cotton, with information on the possibilities and limitations of using recycled materials. This guide is intended as a support tool for our sales teams and suppliers, helping them to make product design and procurement decisions.

The guide will cover a variety of threads and yarns, classified by yarn type and percentage of recycled content, recommended for different types of products based on the purchases made in our Company's concepts. The information compiled is based on the characteristics of the recycled fibre, including fibre length and short fibre content, as well as on the spinning technology used, differentiating between Open-end spinning and ring spinning.

Although Open-end spinning is now quite common in the process of spinning recycled fibres, ring spinning still requires research to be fully integrated into the recycling loop. This allows us to include recycled content in product families where there is currently a knowledge shortfall.

This publication not only provides guidance for decision making, but it also encourages giving value to textile waste. The mechanical textile recycling process involves the sorting and processing of waste into recycled fibres, which are then used in the production of threads, fabrics and garments, saving raw materials, reducing costs and having a better impact on the environment.

[39] Cellulosic fibres from suppliers classified as 'green shirts' with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.

6.4.3. Health and safety of products

GRI 2-28; 3-3; 413-2; 416-1; 416-2; AF19

We strive to ensure that the products we market are safe and healthy. To achieve this, we have specific product standards, that are of general application and mandatory for all the articles we sell[40]. These standards go beyond the requirements of international legislation and cover processes from design to manufacturing.

We currently have eight product standards, each with a different scope:

Product standards

	Scope
Safe to Wear	Garments, footwear, accessories, including the trimmings and fabrics used for their manufacture
Physical Testing Requirements	Garments, footwear, accessories and home textiles
Clear to Wear	Garments, fabrics, footwear, accessories and home textiles
i+Cosmetics	Cosmetics
i+Food Contact Materials	Products in contact with food
i+Home Fragrance and Candles	Ambiance products for the home Decorative candles and their accessories
i+Child Care Furniture	Children's furniture and child care articles
Active to Wear	Garments and fabrics

In 2023 we launched our Active to Wear standard, a product quality tool that defines the minimum requirements for fabrics or garments labelled with a functional property that enhances their performance under certain conditions of use or activities such as the water repellency.

We also published the new guide to best manufacturing practices free of perfluoroalkyl and polyfluoroalkyl substances (PFAS). This guide provides information on the sources and common uses of these synthetic compounds, a clear testing method at both the chemical and textile application level using more sensitive analytical techniques, and guidelines to prevent cross-contamination at manufacturing sites.

In 2023 we launched a new version of the Clear to Wear (CtW) standard to bring it into line with the latest regulatory developments and to further our alignment with the Apparel and Footwear International RSL Management (AFIRM)'s Restricted Substances List (RSL). This standard covers restricted chemicals present in finished products.

We have also published a new edition of our Physical Testing Requirements (PTR), the standard which establishes the physical-chemical parameters for textile quality testing.

To verify compliance with our standards, we work with technology companies, research centres and laboratories of international reference to test that they are being properly applied. We also conduct our own programmes to analyse our articles, as well as audits at manufacturing centres.

In this connection, we focus our efforts on ensuring compliance with our standards at every stage of the product: design, raw material selection and manufacturing processes. To strengthen compliance with our Safe to Wear standard, we provide our suppliers with manufacturing guidelines that include measurement tables with specific safety requirements, such as the position of appliqués and cords or maximum lengths of free ends.

Our network of in-house testing laboratories plays an important role in this process, testing pursuant to the most demanding international standards. This way we ensure comprehensive product control, anticipating potential non-conformities with our product health and safety standards, and we improve textile quality in product durability terms.

With regard to the prevention of non-conformities, it is worth highlighting our **Picking** inspections programme aimed at ensuring that our articles are made in accordance with our health and safety standards. This programme identifies potential non-conformities by means of a representative sample at the supplier's facilities and an analysis conducted by external laboratories approved by our APPLABS programme. In 2023, 60,685 Picking inspections were carried out, and 821,934 analyses and tests were performed[41] (51,288 inspections and 721,980 analyses and tests en 2022).

[40] Articles that are outside the scope of Inditex's health and safety standards are subject to minimum requirement reports specifically compiled in accordance with the statutory requirements which apply to the type of product and the markets where they are sold.
[41] This includes tests and inspections carried out in 2023 as part of the Picking programme for all the Group's brands. The calculation methodology includes primary data obtained through statements from the service provider.

We also have our **APPLABs** external laboratory approval programme. This initiative ensures that the analysis process and the results provided by these laboratories on our articles are accurate and according to the particularities of our model. This confidence is crucial because this information determines whether a production meets our standards. In 2023, a total of 57 on-site audits[42] were carried out at external laboratories and 47 comparison exercises, which involved analysing 6,821 samples (56 on-site audits, 35 comparison exercises and 5,951 samples in 2022).

In addition to these inspections, since 2017 we have been deploying **Minilabs**, a portable laboratory that allows our external auditors to conduct, at the supplier's own facilities and at any stage of the production process, up to six screening tests for substances and parameters regulated in the Clear to Wear standard and Physical Testing Requirements. In 2023, we performed 3,656 Picking inspections with Minilab and carried out 31,268 analyses and screening tests[43] (3,743 inspections and 33,029 analyses and screening tests in 2022).

Furthermore, we strive to improve the supply chain through our **Root Cause Analysis** (RCA), which enables us to conduct technical audits when we identify a non-compliance in the course of Picking inspections. These audits, which are carried out by specialists, are aimed at finding the root cause of the non-compliance in wet process facilities (dyeing, washing, tannery and printing, primarily) and proposing an action plan to remedy the defect.

In 2023, 36 RCA audits[44] were conducted (17 audits in 2022). The results showed that cross-contamination with other productions was one of the main causes of non-compliance. This programme allows us to generate and strengthen our expertise so as to be able to tackle and correct the causes of non-conformities and continue to improve our supply chain.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

Collaborations

We are advancing, with our suppliers and the rest of the industry, in adopting best practices, particularly the selection of safe chemicals and wastewater management. We think that sharing our know-how and aligning requirements across the industry is essential to ensure compliance with our standards and to improve facilities in line with Greenpeace's Clean Factory Approach. We are also members of the Board of Zero Discharge of Hazardous Chemicals (ZDHC) and we are involved in AFFIRM, among other initiatives. We also collaborate with prestigious technological centres and universities.

In order to drive the transformation of our sector, we have made available to the industry The List, by Inditex programme through ZDHC's Gateway platform. This is a procedure for classifying chemicals that improves production processes and the health and safety of final garments. We have also adopted ZDHC's Manufacturing Restricted Substances List (MRSL), which specifies the chemicals whose intended use is banned from the manufacturing process.

Also alongside ZDHC, we have been involved in its new Chemicals to Zero programme to foster safer chemical formulations, which includes three certification levels: Foundational, Progressive and Aspirational. The recently launched 5th edition of The List, by Inditex has received official certification at the Progressive level, ensuring compliance with MRSL (ZDHC) restrictions and helping to safeguard compliance with the restrictions applicable to finished products (AFIRM's RSL and CtW).

We also devise best manufacturing practice guidelines and provide regular training to our suppliers, especially those involved in wet processes. Thus, we continue to move forward in the proper selection, acquisition, handling, storage and use of chemical products.

ⓘ More information in section *9.1.3. Health and safety indicators of our products* of this Report.

[42] This includes audits carried out in 2023 as part of the APPLABs programme. The calculation methodology includes primary data obtained through statements from the service provider.
[43] This includes tests and inspections carried out in 2023 using the Minilab for all the Group's brands. The calculation methodology includes primary data obtained through statements from the service provider.
[44] The calculation methodology includes primary data obtained through statements from the service provider.

6.4.4. Use, end of life and waste management

GRI 3-3; 301-3; 306-1; 306-2; 306-3; 306-4; 306-5; AF18

Use and end-of-life of our garments

One of the major challenges facing the textile sector is to lengthen the useful life of garments. At Inditex we want our products to accompany our customers a long time. So we want to help customers extend the life of their garments and we strive to make our products durable, thereby contributing to a circular economy. With this goal in mind, we are working on actions that offer innovative options and alternatives to maximise the useful life of our products.

One such initiative is Zara Pre-Owned, a platform we launched in 2022 to provide repair services and facilitate customer-to-customer sales and donations. At present, in line with our goal of make the platform available in all key markets by 2025, Zara Pre-Owned is available in 16 markets: Spain, Germany, Austria, Belgium, Croatia, Slovakia, Slovenia, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and the United Kingdom.

/ **Repairs:** this service allows customers to request the repair of any used Zara garment from any season. Our customers can request services such as button and zip replacements or seam repairs either online or in the Zara store of their choice.

/ **Customer-to-customer sales:** using this service, anyone can buy and sell Zara garments from any season. The space is organised by product category and provides detailed information on each item, including Zara's original information on the garment and current images from the seller.

/ **Donation:** customers can request the collection of clothes from their home to be donated to charitable entities. All collected items are delivered to local organisations that sort them for reuse where possible or to be recycled if they have reached the end of their life cycle. This supports the development of projects in local communities, as explained in the next section.

Another pioneering project in this regard was the launch in 2022 of The Laundry by Zara Home in collaboration with BASF. The Laundry is the first detergent designed to reduce microfibre shedding in washing, and it is available in the brand's stores and online. This detergent is especially effective at low temperatures, yielding additional benefits such as lower energy consumption in washing or improved colour fastness, prolonging a garment's life. In 2023 we made progress in extending the patent to include markets such as Canada, the US and Brazil.

Clothing Collection Programme

The Clothing Collection Programme allows our customers to donate items they no longer use to more than 90 local community organisations in the markets where we operate. Donation is made through the containers located in our stores or Zara.com's home collection services, available in Spain, the UK, New York, Paris and several cities in Mainland China. In Switzerland and Hungary, where we have not yet established any agreement with non-profit organisations, we work with third parties specialising in textile recycling. In Spain we also work with Caritas to enable the donation of garments by means of containers located in the streets of a number of cities.

These non-profit organisations receive the donated garments and footwear from our facilities. The aim of this programme is that these articles are classified in accordance to the principle of waste hierarchy. Thus, garments in good condition will be donated to people in vulnerable situations or resold to finance these organisations' community projects. Those products that cannot be reused will be transformed into new textile fibres (upcycling) or, as a last resort, are made into new materials for industrial use (downcycling).

In 2023, our clothing collection programme recovered a total of 20,259 tonnes of garments and footwear (17,015 tonnes in 2022) that were donated to our partners in their entirety. To foster transparency in connection with these donations, our partners report to us regularly regarding how the articles received are used. In 2023, they informed us that:

/ 67% of all garments were reused via donations to people in vulnerable situations or by reselling to finance community projects.

/ The remaining 33%, which could not be reused due to their characteristics or condition, were sent to recycling projects (mainly downcycling), or, as a last resort, were used in energy recovery.

Waste and resources management model

We know that our responsibility for the sustainability of our products does not stop at our stores. Consequently, we are working towards a circular economy model in which waste is turned into useful resources, maximising its value and improving our impact.

In our day-to-day operations we focus on the life cycle management of the waste generated by our activities. We have implemented projects to prevent the generation of waste materials where possible, and to enable the recovery, reuse and subsequent recycling of those that are ultimately generated. Thus, we transform these materials into resources that can continue to be used.

Our commitment to reducing the impact of our products also includes those items that accompany our garments, such as packaging. To achieve this, we have set public targets based on the waste hierarchy within the framework of our waste management programme.

Prevention

In 2019, we have set ourselves the goal of eliminating single-use plastics reaching customers by 2023. The elimination of unnecessary materials and the quest for potential alternatives has been crucial in this process, and has involved numerous teams in the Company.

Thanks to their efforts, in 2023 we were able to find alternatives to all the single-use plastics that previously reached our customers[45]. We estimate that the implementation of these alternative solutions have enabled us to eliminate 95% of the weight of single-use plastics.

Interim exemptions apply to some of the eliminated items that temporarily allow them to be used: when these are products sold on non-Group platforms that have their own operations that include single-use plastics, or in case of continuity products purchased before 2023.

Our commitment in this sphere implies a continuous effort in innovation to avoid using single-use plastics in new product lines, at suppliers and in other Group operations.

In 2020 we already eliminated the use of plastic packaging in stores and online orders. In 2021, we launched the #bringyourownbag (*#traetubolsa*) initiative and started charging for our recycled paper bags in stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, reducing the generation of waste and minimizing the consumption of raw materials, water and energy.

ⓘ For more information on the environmental projects our customers are financing, see section *7.3.5. Key programmes* of this Report.

In this regard, in 2021 we also signed a commitment with the Ellen MacArthur Foundation (EMF) to reduce by 50% our plastic footprint by 2025 compared to 2019. This commitment underpins our teams' efforts to promote the disposal, reuse and recycling of plastics.

[45] There are three items that cannot be eliminated for legal or safety reasons.

Preparation

We are careful to properly manage and separate materials that arrive at our facilities: packaging and other items. We see this waste as resources that can be reused or recycled and we are committed to its proper management to prevent it from ending up in landfills.

This approach is not confined to properly sorting materials for processing and recycling, but includes rethinking our processes to reduce waste generation at every stage: design, logistics, store and end of life.

Our goal is that the waste generated at our corporate headquarters, logistics centres, and own factories and stores to be properly collected and managed by 2023. In this regard, in 2023, 100% of the waste generated in these facilities are collected, classified and managed by an authorised manager, to allow its reuse or recycling and avoid its deposit in a landfill.

We continue to make every effort to ensure the traceability of waste in the most challenging cases, such as in our stores located in shopping centres where a combined waste management is carried out.

In 2023 we have been working to be able to integrate the waste generated in our stores into our systems. Based on the data we have available[46] at the time of publication of this Report, we have estimated that around 89,000 tons of waste could have been generated through the Group's own stores in 2023. We continue to collect information to have more data for a complete year and being able to address the different singularities of store type by market.

Furthermore, in 2023, we have 14 TRUE certifications, processed by Green Business Certification Inc. for our headquarters, logistics centres and own factories (9 Platinum and 5 Gold certifications). TRUE certification identifies "environmentally responsible spaces which have achieved an average 90% or greater overall diversion from landfill or incineration".

Management of materials

Our goal by 2023 onwards is for all packaging materials to be collected for reuse or recycling in our supply chain. In this regard, the separation of packaging at our facilities is essential for their subsequent reuse or recycling.

For example, our goods are packed in cardboard boxes for shipping to ensure that they arrive in good condition from our suppliers to the customer. Our objective is for this packaging to be reused wherever possible and, where it is not, for it to be recycled and reintroduced into the production cycle as a raw material. In 2023, 100% of the cardboard and paper collected in our centres, especially boxes, was allocated for reuse and/or recycling.

In addition, with the aim of going one step further, we are rolling out a service allowing our Zara online customers to choose whether they wish to receive their orders in reused boxes. The service is active in various geographic areas and we are working to expand its scope into new markets forthwith.

Our Green to Pack programme has been a key tool in achieving this goal, as it establishes the quality and environmental standards that our boxes must meet to allow their reuse and subsequent recycling. The programme also takes into account the social aspect and respect for human and labour rights in the manufacturing process. Consequently, any manufacturer wishing to be authorised as a supplier of Green to Pack boxes must pass a social audit in which compliance with our Code of Conduct for Manufacturers and Suppliers is verified.

Waste management and future purposing

Waste generation at our headquarters, logistics centres and own factories is presented below[47]:

[46] Data on waste generated in 1,055 stores in different markets in Europe and Asia and from all the Group's brands have been used.
[47] These data do not include waste generated in our own stores and construction and refurbishment works of the Group as this information is not available at the required level of detail in the Company's systems. We have several projects underway to report this information in future years. The information included is derived from primary data.

Type of waste	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Cardboard and paper	14,985,836	69%	13,713,321	66%
Wood	2,859,440	13%	2,773,840	13%
Other non-hazardous waste	2,545,777	12%	2,951,460	14%
Plastic	682,771	3%	680,725	3%
Textile waste	233,623	1%	245,018	1%
Metal	246,913	1%	232,293	1%
Hazardous waste	51,648	0%	35,623	0%
Total	**21,606,008**	**100%**	**20,632,280**	**100%**

The destination of this waste was as follows, according to its treatment

Non-hazardous waste destination	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Diverted from disposal	**20,028,082**	**93 %**	**18,811,731**	**91%**
Recycling	19,685,985	91 %	18,607,803	90%
Preparation for reuse	342,097	2 %	203,928	1%
Directed to disposal	**1,526,278**	**7 %**	**1,784,926**	**9%**
Landfilling	1,236,015	6 %	1,600,519	8%
Incineration (with energy recovery)	290,263	1 %	184,407	1%
Total	**21,554,360**	**100 %**	**20,596,657**	**100%**

Hazardous waste destination	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Diverted from disposal	**49,282**	**95%**	**26,141**	**73%**
Recycling	34,488	67%	24,531	69%
Preparation for reuse	634	1%	1,610	5%
Other recovery operations	14,160	27%	0	0%
Directed to disposal	**2,366**	**5%**	**9,482**	**27%**
Landfilling	708	1%	7,610	21%
Other disposal operations	626	1%	1,807	5%
Incineration (with energy recovery)	969	2%	0	0%
Incineration (without energy recovery)	63	0%	65	0%
Total	**51,648**	**100%**	**35,623**	**100%**

Our efforts also focus on reducing waste in canteens at our headquarters. In this context, we promote the use of mugs, glasses and glass bottles to avoid the use of single-use plastics and we implement a number of measures to stop wasting food and to encourage the proper separation of food waste.

7
Social

7.1. Our people

Material topic: Fair working conditions; Diversity, equality and inclusion; Talent management; Health, safety and well-being.

7.1.1. About us

GRI 2-4; 2-7; 3-3; 404-2; 405-1; 405-2; AF22

At Inditex we believe that our teams are the engine of the Company's transformation and continuous growth, thanks to their talent, commitment and capacity to adapt to environmental changes.

Our aim is to help all of our people develop their full potential as part of a diverse, creative and innovative team. To achieve this, we foster opportunities for their development and training, with the aim of contributing to their professional and personal growth.

The people strategy rests on four pillars: promoting our **values** and our **culture; diversity and inclusion in our teams,** with **equal** opportunities; a firm commitment to **talent,** providing opportunities for development, internal promotion and mobility; and guaranteeing the **safety, health and well-being** of our teams, with quality, stable and stimulating jobs.

At the close of the financial year 2023, our Group comprises a team of **161,281 people employed in 57 markets and representing a total of 174 nationalities** (164,997 people, 59 markets and 182 nationalities in 2022).

The Inditex Group can be described with four features:

Generational and gender diversity
International presence
Horizontal organisation
A customer-centric approach

The Group's workforce is defined by its **gender and age diversity,** with a majority of women. At the end of 2023, **74% of our workforce are women,** while 26% are men (75% and 25% in 2022). Moreover, 0.02% of our workforce identifies as non-binary and 0.01% as unspecified gender-other[48]. With regard to their age, our teams comprise people from **various generations,** with a predominance of the youngest age groups. The average age of our workforce is 30.6 years old (29.6 years old in 2022).

The **Group's international presence,** with people employed in 57 markets is another of our strengths, as it provides us with the opportunity to define global policies, while at the same time attending to the particular characteristics of each market, enriching and strengthening our corporate culture. Multiculturalism is an opportunity to add new ideas and pool experiences, making us a more creative company and one better prepared to understand the complexity of the market. Spain, with 47,761 employees, accounts for 30% of the total workforce.

Our **horizontal organisation** fosters open communication across the entire workforce, and nurtures the creation of collaborative working environments. This continuous dialogue enables us to identify opportunities for improvement in all areas and at every level of our business. In addition, our approach to job classifications is broad, with store employees having a special relevance in this classification.

The **customer is at the heart** of our business model. Accordingly, our stores, where 86% of our people work, play a crucial role in the Company. Notably, in recent years the teams dedicated to online sales have grown strongly, which together with the rest of the Group's areas of activity (factories, logistics and central services), serves the integrated store and online platform of all seven of our brands, comprising a network of more than 5,600 stores.

[48] As part of our commitment to gender diversity and non-discrimination, from financial year 2023 we have broadened the spectrum of gender identities reported in the workforce indicators. Information from previous years for non-binary or unspecified-other gender is not available.

Our people in 2023

161,281 people

174 nationalities

Distribution by activity

	2023		2022	
	Number of employees	%	Number of employees	%
Store	138,977	86%	143,365	86%
Central services	11,612	7%	11,374	7%
Logistics	10,090	6%	9,670	6%
Factories	602	1%	588	1%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by geography

	2023		2022	
	Number of employees	%	Number of employees	%
Americas	19,963	12%	20,909	13%
Asia and rest of the world	15,526	10%	14,457	9%
Spain	47,761	30%	46,154	28%
Europe (ex-Spain)	78,031	48%	83,476	51%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by age

	2023		2022	
	Number of employees	%	Number of employees	%
Under 30 years old	89,690	56%	94,666	57%
30 to 40 years old	43,310	27%	44,644	27%
Over 40 years old	28,281	18%	25,686	16%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by gender

	2023		2022	
	Number of employees	%	Number of employees	%
Women	118,925	74%	123,201	75%
Men	42,309	26%	41,796	25%
Non-binary	25	0.02%	—	—
Others/Unspecified	22	0.01%	—	—
Total	**161,281**	**100%**	**164,997**	**100%**

The table below shows the breakdown and evolution of the workforce by professional category and market. The functional description of each of the job classification groups included in this Report is as follows:

/ **Management:** employees in management positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

/ **Supervisor:** employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

/ **Specialist:** employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

Distribution by job classification

	2023		2022	
	Number of employees	%	Number of employees	%
Management	9,811	6%	10,692	6%
Supervisor	14,976	9%	14,754	9%
Specialist	136,494	85%	139,551	85%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by market[49,50]

Europe (ex-Spain)	**2023**	**2022**
Albania	310	332
Germany	5,046	4,951
Austria	1,409	1,320
Belgium	2,955	2,977
Belarus	352	370
Bosnia-Herzegovina	427	420
Bulgaria	781	750
Croatia	1,184	1,125
Denmark	295	296
Slovakia	467	469
Slovenia	228	218
Finland	174	203
France	10,975	11,302
Greece	4,065	3,930
Hungary	1,109	1,214
Ireland	1,016	1,027
Italy	10,283	9,971
Luxembourg	304	335
North Macedonia	325	315
Monaco	40	41
Montenegro	165	155
Norway	343	364
Netherlands	3,089	2,947
Poland	4,594	4,623
Portugal	6,964	7,016
United Kingdom	6,739	6,751
Czech Republic	674	676
Romania	2,899	2,879
Russia	3	5,303
Serbia	1,422	1,262
Sweden	695	716
Switzerland	1,398	1,470
Türkiye	6,496	6,622
Ukraine	809	1,127
Total	**78,031**	**83,476**

[49] As a result of the conflict in Ukraine, which began in February 2022, operations in that market have remained suspended at year end. During 2023, Inditex continues its support to the Ukrainian workforce, maintaining the full payment of salaries and the measures needed to support the staff as necessary. As regards the Russian business, the year-on-year change in the number of employees is due to the sale of our business to the Daher Group. For more information see *Note 33* of the Consolidated Annual Accounts.
[50] During 2023, the business was sold and subsequently franchised in Argentina and Uruguay, which is why the year-on-year variation in these markets is justified. For more information see *Note 33* of the Consolidated Annual Accounts.

Distribution by market[49,50]

Asia and rest of the world	2023	2022
Australia	2,076	1,863
Bangladesh	76	75
Cambodia	4	3
South Korea	1,639	1,529
India	1,691	1,543
Japan	2,837	2,780
Kazakhstan	1,272	1,189
Morocco	42	40
New Zealand	138	106
Pakistan	11	9
Singapore	3	4
South Africa	556	496
Vietnam	18	14
Mainland China	3,887	3,771
Taiwan, China	531	450
Hong Kong SAR	702	532
Macao SAR	43	53
Total	**15,526**	**14,457**

Spain	2023	2022
Spain	47,761	46,154

Americas	2023	2022
Argentina	—	718
Brazil	3,162	2,697
Canada	2,653	3,025
Chile	992	955
United States	6,170	6,374
Mexico	6,986	6,825
Uruguay	—	314
Total	**19,963**	**20,909**

7.1.1.1. Employment

It is a priority for Inditex to create **motivating, stable and safe working environments,** with equal opportunities and development, ensuring the utmost care for the conditions of our people. We strive to adapt our responses to the local needs in the 57 markets in which our employees are present, and to guarantee quality workplaces.

Distribution of the workforce by contract type
In 2023, 81% of our people were on a permanent contract (compared with 82% in 2022).

The tables below show the different types of contract by gender, age and job classification:

Employee distribution by contract type, gender, age and job classification

	2023				2022			
	Permanent		Temporary		Permanent		Temporary	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender								
Women	96,263	81%	22,662	19%	99,963	81%	23,240	19%
Men	34,910	83%	7,398	17%	34,881	83%	6,913	17%
Non-binary	25	100%	0	0%	—	—	—	—
Others / Unspecified	22	100%	0	0%	—	—	—	—
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**
Distribution by age								
Under 30 years old	64,916	72%	24,774	28%	69,358	73%	25,305	27%
30 to 40 years old	39,327	91%	3,983	9%	40,878	92%	3,770	8%
Over 40 years old	26,978	95%	1,303	5%	24,607	96%	1,078	4%
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**
Distribution by job classification								
Management	9,548	97%	262	3%	10,418	97%	276	3%
Supervisor	14,530	97%	446	3%	14,315	97%	444	3%
Specialist	107,143	78%	29,352	22%	110,111	79%	29,434	21%
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**

Distribution of the workforce by type of working hours

In terms of working hours, 58% of Inditex's employees work part-time and 42% work full time in 2023 (59% part-time and 41% full-time in 2022).

This breakdown of workers by type of working hours is typical of the retail sector, where there are sales periods with peaks of activity that require part-time reinforcements. We also often hire people who combine their work at Inditex with other activities, such as studies.

The full-time equivalent (FTE) workforce, a meaningful indicator when it comes to analysing employment quality, shows the workforce resulting from combining all full-time hours. In 2023, it represented 78%[51] of total jobs (77% in 2022).

Below is a breakdown of part-time employees by gender, age and job classification:

The distribution of part-time employees by gender, age and job classification

	2023				2022			
	Part-time		Full-time		Part-time		Full-time	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender								
Women	72,620	61%	46,305	39%	76,348	62%	46,854	38%
Men	21,139	50%	21,169	50%	21,498	51%	20,297	49%
Non-binary	14	56%	11	44%	—	—	—	—
Others / Unspecified	16	73%	6	27%	—	—	—	—
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**
Distribution by age								
Under 30 years old	65,946	74%	23,744	26%	70,718	75%	23,927	25%
30 to 40 years old	18,130	42%	25,180	58%	18,483	41%	26,178	59%
Over 40 years old	9,713	34%	18,567	66 %	8,644	34%	17,047	66%
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**
Distribution by job classification								
Management	401	4%	9,410	96%	433	4%	10,263	96%
Supervisor	1,544	10%	13,431	90%	1,433	10%	13,328	90%
Specialist	91,844	67%	44,650	33%	95,980	69%	43,561	31%
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**

Leavers

The workforce in Spain at the end of 2023 totalled 47,761 people, of whom 74% were women and 26% were men.

In that period, dismissal for various reasons accounted for 776 leavers in Spain (710 in 2022). Breaking down these figures by gender, it is proportionately similar to the gender breakdown of the workforce as a whole, as the number of women who were dismissed was 551, or 71% of those dismissed, compared with 225 men, or 29% (504 women vs. 206 men in 2022).

With regard to the breakdown of dismissals by job classification, in Spain, 76% were concentrated in specialist positions, according to the classification previously provided (80% in 2022), for stores and headquarters, own factories and logistics centres alike. 13% of the dismissals were in supervisor positions, and the remaining 11% in management positions (11% and 9% in 2022 respectively). Regarding the breakdown of dismissals by age in Spain, 39% affected staff aged 30 to 40 years, the age group which accounts for 32% of staff in Spain. The proportion is consistent with the distribution of the workforce in the country where the Group's corporate services are located: 29% of the dismissals were in the over-40 age bracket (representing 37% of our workforce), and the remaining 32% in the under-30 age bracket (representing 32% of our workforce in Spain). In 2022 the age distribution of dismissals was 24% in the under 30 age group 44% in the 30-40 age group and 31% for the over-40 age group.

Globally, with a workforce of 161,281 people in 2023 (164,997 people in 2022), in 2023 there were 5,100 dismissals (5,694 dismissals in 2022). Of the total, the number of women who terminated their relationship with the Group for this reason was 3,508, 69%, compared to 1,590 men, 31%, and 2 non-binary people, 0.04% (3,976 women and 1,718 men in 2022), again consistent with the gender distribution of the overall workforce. As

[51] FTE employment data available in 2023 for 98.5% of the workforce [98.7% of the workforce in 2022. Excludes staff with non-guaranteed hours, which are located in the following markets: Australia; Mainland China; Taiwan, China; Hong Kong SAR; Macao SAR; New Zealand SAR; and New Zealand.

for the breakdown of dismissals by job classification, 88% were concentrated in specialist positions (88% in 2022), 6% in supervisor positions, and the remaining 6% in management positions, which is also consistent with our workforce distribution (7% in supervisor positions and 5% in management positions in 2022). By age, 67% of the dismissals corresponded to people under 30 years of age, a category that encompasses 56% of the Group's employees. 23% of the dismissals were in the 30-40 year age group (which accounts for 27% of our workforce), and the remaining 10% in the over-40 age group (which accounts for 18% of our people). In 2022 this age distribution of dismissals was 68% in the under 30 age group, 24% in the 30-40 age group and 8% for the over- 40 age group.

7.1.2. Our approach to diversity

GRI 2-23; 2-24; 3-3; 404-2; 405-1; AF5; AF32

At Inditex we believe in the power of diversity and inclusion as drivers of a strong corporate culture, and that is why **we design opportunities for all and we implement a zero-tolerance approach to any kind of discrimination or harassment.**

Our aim is to build diverse teams whose members bring their unique perspectives and experiences and who feel secure in an inclusive professional environment.

We strive to ensure that our teams—composed of people of different sexes, gender identities and expressions, sexual orientations, races, ethnicities, ages, educational background, socio-economic statuses, disabilities or religions, among other characteristics—, have equal opportunities and can develop their full potential, making us a more competitive, creative and innovative company.

Diversity and inclusion, grounded on essential values such as **fairness, collaboration** and **respect,** drive our business performance and facilitate the achievement of our corporate objectives, helping us to anticipate all the market's fashion needs.

To foster a **diverse, inclusive and sustainable corporate culture,** we are committed to:

/ Integrating diversity and inclusion into our tools for attracting, retaining and promoting talent, to ensure diverse profiles in all positions and at all levels of the Company.

/ Always guaranteeing equality of opportunities and non-discrimination for our people, regardless of their sex, gender identity and expression, sexual orientation, race, ethnicity, origin or different abilities, among other characteristics.

/ Fostering a spirit of collaboration, teamwork and respectful communication between people and as the core of respect for human rights, both inside and outside the Company.

/ Developing procedures and implementing appropriate initiatives and training programmes to achieve these goals.

Inditex's Diversity and Inclusion Policy, approved by the Board of Directors in 2017 and amended in 2020, establishes the framework of principles, objectives and commitments in this respect adopted by the Group. This Policy applies globally to anyone associated with the Group, whether they are employees, customers or third-parties such as contractors, suppliers, professionals involved in recruitment processes or people working in the supply chain.

This Policy is derived from the Company's Code of Conduct, whose basic tenets are, among others, respect, acceptance and equality, and it is also consistent with the Group's Compliance Policy and Human Rights Policy. The Diversity and Inclusion Policy also aims to ensure that there is no discrimination of any kind in the Company, particularly on grounds of gender, in any position, and in particular when appointing members of the Board or Senior Management.

In this regard, the Diversity and Inclusion Policy **guides all our areas of action,** in particular with respect to people management: recruitment and selection, remuneration and profits, promotion, training and professional development. Likewise, the policy also directly impacts areas linked to our relations with people in our business model: customer services, marketing and communication, procurement, etc.

As established in this framework document, the people who work at Inditex are responsible for promoting **diverse and inclusive workplaces** that ensure equal opportunities and foster collaboration and respectful communication between people, both inside and outside the Company. All the Group's areas, departments and subsidiaries are responsible for the proper implementation and application of these mandates on diversity and inclusion.

The department of Diversity and Inclusion promotes compliance with the Diversity and Inclusion Policy, and fosters training initiatives and programmes in this regard within the Group. Integrated in the **Culture and Values team**—which also encompasses diversity and inclusion as well as sustainability from a people perspective—the department is led by the **Chief Diversity Officer,** who coordinates an international diversity and inclusion team. Among other tasks, this team supports our **Diversity Champions,** whose mission is to act as diversity and inclusion coordinators in their countries, brands and workplaces to ensure that our Diversity and Inclusion Policy is implemented, as well as to contribute ideas and projects that feed into our strategy.

To address any questions regarding our commitment to diversity and inclusion, our people can contact us through the corporate e-mail address (d&i@inditex.com). They may also refer to the Human Resources team, the department of Diversity and Inclusion and the person designated as Diversity Champion for our various markets and brands.

In addition, to ensure transparency and independence of action, and when it comes to evaluating the various issues linked to diversity and inclusion that may arise, Inditex has an **Ethics Line** to guarantee compliance with this Policy, through which it receives and fields queries and communications made in good faith concerning the interpretation, application or enforcement of the Policy. The Ethics Line is overseen and managed internally by the **Ethics Committee**, a collegiate body that reports to the Board of Directors by means of the Audit and Compliance Committee. It conducts the necessary investigations, proposing the appropriate remediation, prevention and awareness measures. The Ethics Committee acts independently and autonomously, guaranteeing the confidentiality of the queries received. Communications concerning the interpretation, application or enforcement of the Diveristy and Inclusion Policy may be sent to the Ethics Line using the mechanisms set up for this purpose on the corporate intranet (INET) and on the website www.inditex.com.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report.

Because Inditex is a markedly international company, we devised the diversity and inclusion project from a global perspective, and we implement it across all our markets.

In May 2023, on the occasion of the **World Day for Cultural Diversity for Dialogue and Development,** Inditex presented to the world its **Diversity and Inclusion Manifesto,** which highlights our corporate purpose: 'We design opportunities for all'. This Manifesto also outlines the values that represent our commitment to diversity and inclusion and expresses our conviction that fashion will bring about changes in society to achieve the future we believe in.

Furthermore, as evidence of our commitment to these markets, 12 of our subsidiaries in Europe (France, Germany, Croatia, Romania, Slovenia, Italy, the Netherlands, Sweden, Greece, Portugal, Poland and Bulgaria), as well as our office in Brussels, are adhered to the European Union Diversity Charter. This European Commission initiative to foster diversity management and inclusion in all organisations, enables our local teams to exchange best practices and to interact with other companies and non-profit entities in this regard.

Moreover, in the United States, in 2019 we signed up to the Open to All campaign, an initiative encompassing more than 200 companies and charitable entities whose aim is to promote the idea that all people is welcome in public retail spaces, regardless of their race, ethnicity, nationality, gender, sexual orientation, gender identity and expression, migratory status, religion or disability, among others.

In terms of recognitions, in December 2023 Inditex was listed for the fifth year running in the Financial Times-Statista **2024 Diversity Leaders Index**, ranking in the top 50 (44 vs. 299 in the prior edition). Inditex is the top Spanish company in the index and the second highest ranking in the retail sector.

ⓘ More information in section *3.3. Recognitions* of this Report.

Pillars to promote diversity and inclusion

Our people are at the heart of our commitment to diversity and inclusion, which is why our work revolves around the following four global priorities that are the drive belts of our culture of inclusion and respect, and that also allow us to launch plans that include local initiatives in our subsidiaries:

/ Gender equality.

/ LGBT+ inclusion.

/ Socio-ethnic inclusion.

/ Disability inclusion.

7.1.2.1. Gender equality

Ensuring equal treatment and opportunities for men and women at the workplace has always been a part of our core at Inditex. We nurture diverse and inclusive workplaces in which women, who represent 74% of our workforce, feel empowered in their professional development and free of any discriminatory practices. By empowering women and men alike, our aim is to strengthen our growth and the success of the Company and society as a whole.

To guarantee equality, we promote the transversality of our training and development tools (Tra!n, LEAP&Co and Talks), as well as the transparency of our internal promotion tool (InTalent), which enable us to ensure availability and objectivity in the Company's promotion processes.

Cultivating **women's talent** has enabled us to make solid progress in regard to their leadership within the Group: in 2023, **78% of the Company's management positions were filled by women** (80% in 2022). The distribution of our people by gender and job classification in 2023 is thus as follows:

Distribution by gender and job classification

	2023								
	Women		Men		Non-binary		Other / Unspecified		Total
Management	7,691	78%	2,120	22%	0	0%	0	0%	9,811
Supervisor	10,381	69%	4,593	31%	2	0.01%	0	0%	14,976
Specialist	100,853	74%	35,596	26%	23	0.02%	22	0.02%	136,494
Total	**118,925**	**74%**	**42,309**	**26%**	**25**	**0.02%**	**22**	**0.01%**	**161,281**

	2022				
	Women		Men		Total
Management	8,553	80%	2,139	20%	10,692
Supervisor	10,364	70%	4,390	30%	14,754
Specialist	104,284	75%	35,267	25%	139,551
Total	**123,201**	**75%**	**41,796**	**25%**	**164,997**

Furthermore, in the last few years the **representation of women on the Board of Directors** has also improved notably, reaching 50% in 2023 (+28 percentage points since 2016). In this regard, not only did we manage to amply exceed our target of 40% female representation on the Board by 2022, in compliance with the recommendations of the Spanish Code of Good Governance, but for the first time the Board of Directors has a parity composition.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

To achieve our equality objectives, at Inditex:

Ensure fair access to opportunities for professional development

In Spain, Inditex equality plans include measures that affect different areas of labour relations, such as selection, recruitment, promotion, training, occupational health, remuneration and work-life balance. This work is further underpinned by the committees that monitor the plans, which meet regularly to verify their compliance and effectiveness. There are also action protocols designed to prevent sexual and/or gender-based harassment. In April 2023, the Group signed its Equality Plan in Spain. The Plan applies to all brands for store and central services staff, unifying the measures in place under previous plans. The Plan comprises more than a hundred measures aimed at promoting workforce training and professional development, nurturing work-life balance and co-responsibility, reducing bias, and protecting victims of gender-based violence. This Plan coexists with the equality plans already in place at all our logistics centres and factories.

Likewise, in 2019 we launched an inclusive language guide to help our teams communicate more equally in the workplace, and in 2023 training was given to promote the use of inclusive language among our teams to avoid communication that perpetuates gender stereotypes.

Furthermore, since 2020 we have been actively working to boost the professional careers of women in technological areas so as to promote the value of diversity and inclusion and have an impact on the Company and society. Thanks to the internal initiative **Women in Tech,** our work is grounded on two pillars: the need to influence society, supporting actions that encourage girls to take an interest in science and technology; and the impact on women in the world of technology through actions that empower them. Internally, we conduct women's leadership programmes and our talent pool promotes fairness and diversity within the technology team. In this year's junior programmes, 50% of the new recruits were women, addressing our internal objective of increasing the proportion of women in technology and related positions.

Against this backdrop, in 2023 for the second consecutive year Inditex supported the Technovation Girls project, an entrepreneurship and innovation programme that invites girls and young people aged 8 to 18 to learn and develop skills for using technology to solve problems, with the aim of reducing the existing gender technology gap. This collaboration was carried out through the sponsorship of Power to Code, an ambassador organisation for this initiative in Spain, and the support for more than 20 projects presented.

Create safe spaces in which there is no harassment or violence against women

As a company that **rejects any kind of discrimination**, at Inditex we strive to prevent sexual harassment, abuse and sexual violence at the workplace by means of internal policies that prevent these behaviours. The **Global Anti-Harassment Policy**, approved in March 2022, enhanced the information and training for the entire workforce in this connection. Amended in 2023, its areas of action were reinforced and it focuses on protecting everyone at work from any situation of harassment, in any of its manifestations or forms. Prevention, care and support and response to victims are the main axes of this Policy.

In this regard, in 2013 Inditex signed an agreement with the then *Ministerio de Sanidad, Servicios Sociales e Igualdad* of Spain to raise awareness and promote the integration of victims into the workplace. It was further endorsed in 2022 through renewal of the agreement with the *Ministerio de Igualdad* in the framework of the 'Businesses for a gender-violence-free society' initiative. To continue raising awareness of gender-based violence, all the human resources teams in Spain constitute an internal 'Punto Violeta' , receiving specific training from the Red Cross on how to tackle gender-based violence.

Likewise, once again this year we highlight our commitment to stop gender-based violence through various information campaigns that we conduct every 25 November, the International Day for the Elimination of Violence against Women, a key date on our diversity and inclusion calendar that strengthens our commitment to raising visibility regarding this social problem and to helping victims.

ⓘ More information on the Global Anti-Harassment Policy.

Foster wage parity

With regard to other equality-related labour measures, at Inditex we are committed to equal pay for women and men. This commitment rests on a remuneration policy established in accordance with the value that each person contributes from their professional experience, dedication and responsibility, with no discrimination on the grounds of gender, age, culture, religion, race or any other characteristic. Accordingly, and in keeping with previous years, the pay gap analysis in 2023 shows wage parity between women and men in our workforce.

ⓘ More information in section *7.1.3. Equal pay and remuneration policy* of this Report.

Moreover, in 2023, within the framework of the Equality Plan, and considering the workforce in Spain, the wage audit carried out in 2022 was reviewed by external suppliers, obtaining a verification on the basis of the revised International Standard on Assurance Engagements (ISAE) 3000. This verification guarantees the integrity of the Remuneration Register and Wage Audit carried out by the Company, the findings of which establish that there is no gender-based pay discrimination in work of equal value.

Audit our policies and best practices

Likewise, in 2023 we have also continued to implement work plans and monitoring and assessment systems to foster gender equality and women empowerment in our workplaces. And we have continued to pursue our **GEEIS (Gender Equality European and International Standard)** certification strategy across our various subsidiaries. GEEIS recognises those companies and workplaces that are actively engaged in building a fairer society, based on equality between men and women and on diversity and inclusion as the pivotal values of their policies. Between 2018 and 2023, the global corporate Group and 9 of our subsidiaries worldwide (Belgium, France, Italy, the Nordic hub, Germany, Ukraine, Bulgaria, Romania and the United States) –in addition to the Russian subsidiary before its closure– were awarded this certification, audited by Bureau Veritas. This certification plan, which will continue to advance in the next few years, is enabling us to consistently and continuously deploy our gender equality policies in our various markets.

Apply our principles across the value chain

We also foster equality, diversity and inclusion among the workers in our supply chain. In this regard, we implement our Workers at the Centre 2023-2025 strategy, which focuses especially on the most vulnerable groups and fosters respectful environments, free from discrimination, abuse or harassment.

ⓘ More information in section *7.2. Workers in the supply chain* of this Report.

In recognition of our efforts to implement initiatives that foster gender equality globally, in January 2023, Inditex was included for the fourth year running in **2023 Bloomberg's Gender-Equality Index**, which features the companies that are most committed in this respect. Similarly, the **Equileap** ranking, an analysis of nearly 4,000 companies based on 19 gender equality criteria, highlights Inditex in its 2023 report as the only Spanish company that carries out gender audits.

Review our work-life balance policies to ensure that they support our goal of fair access to opportunities for development

Work-life balance is paramount for Inditex, as, when viewed from the perspective of **co-responsibility,** it helps ensure the well-being of our people and underpins equality of opportunities within the Company. Accordingly, Inditex ensures that work-life balance measures are implemented in all its markets. In Spain, these measures are included in the Equality Plans, while at the international level work is ongoing to improve the rights guaranteed by local legislation, with the emphasis on those markets where legislation is not especially favourable. Among our priorities in 2023 was to continue promoting and broadening measures to improve work-life balance such as flexible working hours, efficient organisation of teams, extending leave for caring for children and/or dependants and granting financial assistance to help cover the cost of childcare or other care.

ⓘ More information in section *7.1.6. Work-life balance* of this Report.

7.1.2.2. Inclusion of the LGBT+ community

At Inditex we are fully committed to the highest level of diversity and inclusion, and therefore every member of our teams plays a valuable role in promoting the utmost respect for our customers and everyone in the Group. Mindful as we are that the greater the diversity in societies and in businesses, the more creative, productive and innovative they are, at Inditex we see the inclusion of the LGBT+ community as crucial to create safe spaces in which no-one feels invisible, inhibited or mistreated because of their sexual orientation or their gender identity and expression.

In 2018 we signed up to the UN Standards of Conduct for Business: Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex People, promoted by the UN and based on the UN Guiding Principles on Business and Human Rights, and including contributions from hundreds of companies from a range of sectors.

In 2023, to prevent all discrimination against transgender and non-binary people, we continued to strengthen our internal non-discrimination policies. On the one hand, we are adapting our systems so that our people can express their gender identity within a spectrum of options ranging from binary ('Male' and 'Female') to 'Non-Binary' and 'Other/Unspecified'. Furthermore, we have also added a field to our systems that allows people to enter their 'social name' (or the name by which a trans or non-binary person is identified and socially recognised) in order to protect members of this community from potentially vulnerable situations in their daily lives, while ensuring that their legal name can still be used when necessary. These adaptations to our systems are compliant with current legislation and aim not only to uphold the laws in our markets but also to guarantee the safety and privacy of our LGBT+ people.

Through our corporate project 'I AM PROUD', we nurture environments where everyone is welcome and where prejudice, gender stereotypes and discrimination based on gender identity and sexual orientation are tackled. In 2023, on the occasion of International LGBT+ Pride Day, many of our subsidiaries actively participated in various celebrations, talks and 'good morning meetings' to reflect on the importance of allies in creating more inclusive work environments.

Furthermore, in the United States we held the third edition of the IN Pride program to help transgender and non-binary people access employment, focused on creating job opportunities at our stores in conjunction with two New York organisations: The Door and The Ali Forney Center. In addition, the 2022 edition of the Salta project in logistics centres in Spain incorporated the IN Pride philosophy as a first step to growing this project.

In terms of recognitions, the United States and Mexico subsidiaries were listed in the Corporate Equality Index 2023 compiled by **Human Rights Campaign Foundation,** which selects the companies with the best practices in LGBT+ inclusion. They obtained scores of 90 over 100 and 70 over 100, respectively.

7.1.2.3. Socio-ethnic inclusion

At Inditex we firmly work to provide safe spaces, free of any expression of racism or discrimination, both for our employees and customers. As a company comprising people of 174 nationalities, diversity is at our core, and that is why we place equality, respect for human rights and the fight against racism at the heart of what we do.

Our determination to promote these values is not just a simple statement. Rather, our **Diversity and Inclusion Policy** and **Global Anti-Harassment Policy**, establishes a framework of action for preventing and eliminating any conduct that constitutes any form of harassment or discrimination. In addition, our Ethics Line allows us to monitor any potential incidents of racism that may arise.

Through awareness and training plans on diversity, equality and inclusion, we offer country-specific training programmes, opening people's minds to the impact of unconscious bias and microaggressions in managing people and underscoring the need to combat all forms of discrimination and racism.

At Inditex we also know that migrants and refugees are the people most vulnerable to discrimination and racism at work. To promote the integration of these groups and reduce inequalities, we have employability programmes, most notably the Salta programme, focusing on the socio-occupational inclusion of vulnerable groups. Salta is aimed at generating employment opportunities in our stores, logistics centres and factories for persons or groups in special circumstances that make their employability more complex. In Salta we work with various NGOs that support us in the process of selection, training and follow-up of the participants. Created in France in 2008, the programme is now present in 18 markets in 2023 (France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea, Türkiye, Romania, India, Kazakhstan and, for the first time, Canada and Croatia). As a result of this initiative, since 2008 more than 1,800 people have joined our teams in stores, logistics platforms and factories, and more than 3,800 people have taken part in this project as trainers or tutors.

Internationally, since 2018, Inditex collaborates with the ENAR Foundation (European Network Against Racism), a European organisation based in Brussels that fights all forms of racism and discrimination. In the United States, we signed the Mitigate Racial Bias in Retail charter in 2022, calling for actions to eliminate racial bias in shopping experiences, and we once again contributed to the NAACP Legal Defense & Educational Fund, an organisation that actively fights racism, discrimination and injustice, particularly within African-American communities.

Lastly, it is worth mentioning that in most markets, and especially in Europe, the privacy and personal data protection regulations do not allow companies to compile data containing ethnic or racial criteria. However, in markets like the United States and South Africa, the legislation on equality and non-discrimination places the emphasis on knowing the individual's ethnic and racial identity so as to ensure equal opportunities and rights.

Breakdown by ethnic or racial group[52]

United States	2023	2022
Ethnic or racial group	**%**	**%**
Hispanic or Latino	48.6%	48.2%
Black or African American	18.9%	20.8%
White	14.9%	14.1%
Asian	9.4%	8.7%
Two or More Races	4.8%	5.0%
American Indian/Alaska Native	0.2%	0.4%
Native Hawaiian/Pacific Islander	0.3%	0.1%
Not Specified	2.9%	2.7%
Total	**100%**	**100%**

South Africa	2023	2022
Ethnic or racial group	**%**	**%**
Black South Africans	89.0%	87.9%
Coloured South Africans	6.9%	7.2%
Indian/Asian South Africans	1.8%	1.7%
White South Africans	0.9%	1.1%
Foreign Nationals	1.4%	2.1%
Total	**100%**	**100%**

7.1.2.4. Inclusion of people with disabilities

It is a priority for Inditex to help people with disabilities to overcome the barriers they face, both in access to the labour market and in their daily lives. The Group's disability inclusion strategy is based on three priority areas:

/ Employability, direct recruitment and professional development.

/ Disability awareness and training for our people.

/ Accessibility and inclusive shopping experience.

Employability, direct recruitment and professional development

Our commitment to the inclusion of people with disabilities in the workplace is founded upon the basic principles of dignity and independence, availing them of the opportunities and resources to play an active and equal role in society.

At the end of 2023, in Inditex we directly employed 2,041 persons with a disability (1,698 in 2022). Moreover, since 2022 in Spain, alternative measures (collaboration with special employment centres, donations and sponsorships to conduct employment insertion activities for people with disabilities) are no longer used, culminating the process of

[52] The official nomenclature of the recognised racial and ethnic groups in these countries has been maintained in their original language.

prioritising direct hiring as an integration measure. There are different regulatory frameworks in the various markets where we operate, so regulations are not always comparable to the ones in force in Spain, whether due to the absence of minimum recruitment quotas or out of respect for the privacy of individuals, with the right of citizens not to disclose their disability prevailing. As a result, in some cases we have no measured data available.

As part of our ambition to boost direct hiring of people with disabilities, we hired 598 people since the publication of our public commitment in January 2023, when there were 1,443 people with disabilities in our teams. This represents 41% progress against our target of doubling the number of people with disabilities in our Company. Our aim is to foster the inclusion of these professionals in our network of stores, logistics centres, warehouses and offices worldwide. This new commitment was announced by Inditex's CEO in a meeting with the Director-General of the International Labour Organization (ILO), Gilbert F. Houngbo. The announcement was made after the Company joined the ILO Global Business and Disability Network, a global network of companies and organisations that seeks to promote the workplace inclusion of people with disabilities.

The **INCLUYE** programme, created in 2021, drives the socio-occupational integration of people with disabilities. Since 2022, all Inditex's direct employability projects worldwide were grouped together and consolidated under the umbrella of the INCLUYE programme, which has thus broadened to ensure the sustainable and lasting inclusion of people with disabilities. Based on supported employment methodology, the programme involves local organisations that work to achieve the occupational integration of people with disabilities, and accompany them in their integration as a key factor for successful employability.

In Spain we have a partnership with Plena Inclusión, a federation of organisations working towards the inclusion of people with intellectual disabilities. Thanks to this partnership, since 2019 around 300 people have joined our Pull&Bear, Stradivarius, Zara, Oysho, Massimo Dutti and Zara Home stores. Furthermore, the programme continued at our logistics centres, also collaborating with local entities such as Fundación Prodis and the associations for people with mental disabilities of Aragón (ATADES) and Alicante (APSA). As a result, in 2023, 12 people with intellectual disabilities joined the Zara logistics platforms in Meco (Madrid) and Zaragoza and the Tempe platform in Alicante. In total, thanks to this programme and other partnerships with various entities, in 2023, 235 people with intellectual, physical or sensory disabilities have been recruited in Spain.

Moreover, one of our most important occupational integration projects is **for&from**, a network of stores from our different brands, managed by charitable entities and staffed by people with various types of disabilities, offering fashion from previous seasons at reduced prices. This initiative currently covers 16 stores in Spain, Italy and Portugal, and has created job opportunities for more than 750 people with different disabilities. All these stores' proceeds, which amount to more than 8 million euros, are reinvested in community projects run by the partner organisations. As a novelty, in 2023 Zara Home opened its first for&from store in Portugal, located in the Freeport Lisboa Fashion Outlet, and Tempe started the refurbishment of the for&from establishment in San Sebastián de los Reyes (Madrid).

Disability awareness and training

With the aim of promoting the full inclusion of people with disabilities in our teams, in October 2023, for the fourth consecutive year, we held the Impact Week worldwide, focusing on disability inclusion. The purpose of this initiative is to raise awareness and mobilise our workforce to continue to promote accessibility projects, customer and employee experience for people with disabilities, thereby helping to break down barriers and foster equal opportunities.

In addition, several of our subsidiaries implement training plans to help them achieve their recruitment targets and improve their inclusion of people with disabilities. This is the case in Germany, where we collaborate closely with the Federal Employment Agency; France, with the Accord Handicap company agreement on disability; Italy, which has implemented the ALL IN project for the occupational integration of people with intellectual disabilities in Milan and Verona; Portugal, with its Eu Incluo project; Japan, which holds regular meetings with partner associations and staff with disabilities; or Romania, which provides internal training to its teams and recruitment with the support of different NGOs and the Department for Social Assistance.

Accessibility and inclusive shopping experience

One of our priorities is to comply with the principles of universal accessibility, especially in respect of any members of our staff and customers who may have any kind of disability. Thus, we strive to ensure that all our workplaces meet the functional and dimensional requirements that allow an independent use by people with disabilities or people with impaired mobility.

Furthermore, it is also important for Inditex to provide equal opportunities for access to our websites and apps to people with different disabilities, to offer inclusive shopping experiences. Based on the principles of dignity, accessibility and independence, both our jobs portal Inditex Careers, and our internal promotion and development tool InTalent, as well as the websites and applications of our commercial brands allow access to the whole range of content through functionalities adapted for people with various kinds of disability. Our aim in the online environment is to always provide accessible services to the broadest possible audience and to ensure that any person with any kind of disability may access our content.

7.1.3. Equal pay and remuneration policy

GRI 2-19; 2-20; 2-21; 3-3; 405-2; AF32

Inditex remunerates its team in accordance with the Group's values, guaranteeing non-discrimination for reasons of gender, age, culture, religion, race or any other circumstance. Our remuneration policy is therefore determined by the value that each person contributes from their professional experience, dedication and responsibility.

As a Group with a strong international presence, we strive to ensure that our remuneration policy is adapted to the specific circumstances of each of the 57 markets in which people from our team are located, aligning the standard remuneration with the benchmark practices in each of these markets in their local currency.

Inditex's remuneration comprises a **fixed component and a variable component.** Experience, dedication and responsibility within the Company are the factors that determine fixed remuneration. Variable remuneration depends on predefined, quantifiable and measurable indicators, linked both to Company's results and the fulfillment of the sustainability targets of office staff, thus reinforcing the commitment of our people in this area.

Based on this criterion, variable remuneration depends solely on objective parameters, and not on a discretionary assessment of the person's individual performance. Our purpose: to eliminate any room for discrimination. In this regard, **variable remuneration is one of the key components of Inditex's remuneration policy and applies to employees in all areas of the Company's activity.**

In our stores, the most widely used variable remuneration system is that of the monthly sales commission scheme. This is a way to reward the engagement of store employees in key issues as sales results, feedback on products and store coordination and organisation. In addition, in the last few years, we have been implementing a transparent and simple system of variable remuneration that guides our people towards sales and guarantees pay equity, taking into account the changing environment.

Gender pay gap

Inditex is committed to equal pay. For quantification purposes, the gender pay gap is the indicator that most reliably represents the real difference in pay between women and men.

The gender pay gap is calculated based upon the median salary in each market (considering total salary: fixed plus variable, consisting of commission and bonus), weighted according to each area of activity of the Group (store, central services, logistics and factories). This median is in turn weighted according to each market's weighting over the aggregate number of Inditex employees. As a result, a global reliable indicator of pay gap between male and female workers in the Group is obtained.

The outcome of the analysis carried out in 2023[53] shows wage parity between men and women in Inditex. In total salary, women have been paid 0.5% more than men. If we break down the gap by professional classification, in 2023 it was 1% in the category of specialists (1% in 2022), -4% among supervisors (-3% in 2022) and -5% among management (-8% in 2022), representing 85%, 9% y 6% of our people in 2023. The global gender pay gap has varied slightly with respect to previous years (in 2022, women were paid 0.4% more than men), which is explained by staff turnover in the period.

The pay gap by geographic area is detailed below[54]:

Gender pay gap	2023	2022
Spain	0.3%	-1.1%
Europe excluding Spain	0.5%	1.1%
Americas	0.7%	0.5%
Asia and rest of the world	0.8%	1.6%
Total	**0.5%**	**0.4%**

Global average remuneration

Average remuneration is defined as the average wages in the Group (considering the total salary: fixed plus variable, consisting of commission and bonus), translated into euros, using the average exchange rate in 2023. Based on this calculation, global average remuneration in this period at Inditex amounted to 28,726 euros gross annually (26,294 euros in 2022).

With regard to this figure, it should be highlighted that the number of employees in Spain, our home market, only represents 30% of the headcount, as a significant part of the remaining 70% staff are based in markets where wages translated into euros give rise to lower average remuneration (28% and 72% of workforce in 2022).

By gender, the average remuneration of women in 2023 amounted to an annual gross figure of 27,831 euros, and that of men came to 31,196 euros (women: 25,387 euros in 2022; men: 28,827 euros in 2022). These two figures are not representative in terms of equal pay: the pay gap between men and women is due to a higher presence of women in a significant number of markets where average remuneration is lower on account of the exchange rate effect. As explained above, the indicator that provides the most transparency in terms of equal pay for men and women is the pay gap, which in 2023 was 0.5% in favour of women.

[53] The gender pay gap analysis and average remuneration does not include the Russian and Ukrainian markets (in 2023 they represent 0.5% of the workforce).
[54] The geographic areas included in the breakdown correspond to the areas where Inditex has significant operations.

Based on these premises, the average remuneration by age and by job classification is provided below:

Aggregate remuneration in €	2023	2022
Job classification		
Management	70,567	66,446
Supervisor	43,336	39,470
Specialist	25,132	22,964
Age		
Under 30 years old	21,631	19,597
30 to 40 years old	33,459	30,541
Over 40 years old	46,668	44,044

7.1.4. Labour Relations

GRI 2-30; 3-3; AF5; AF24; AF26; AF29

At Inditex, we are **strongly committed to respecting our employees' labour rights** worldwide and, in particular, their **right to participation,** as a key element for the sustainable development of the business model.

This commitment is enshrined in the Group's Code of Conduct, approved in 2012 and amended in 2024, and which is applied globally to all the persons in the Group. In its section on Adequate Working Conditions, Inditex guarantees **the right of all workers to join, associate with and/or create the trade union of their choice**, as well as **the right to collective bargaining to determine their labour conditions.** The Group reinforces its message by including in the Code its commitment to respecting employees' right to have trade unions and workers' representatives represent them and negotiate their working conditions collectively.

Not only that, but Inditex also plays an active part in the social dialogue through its relationship with UNI Global Union (UNI). UNI is a network of trade unions in the trade and retail sector which represents more than 20 million workers across 150 countries. In 2009, Inditex and UNI signed a Global Agreement for implementation of fundamental labour rights and decent work, which covers 100% of the Group's workforce and remains in force.

This Agreement between UNI and Inditex includes specific provisions regarding a number of issues governed pursuant to the principles established by the International Labour Organization (ILO):

/ Among other rights, special mention is made therein to the enforcement of ILO Conventions 87 and 98 about **freedom of association and the right to collective bargaining.** In this regard, the Agreement states that 'Inditex recognises the right of trade unions to represent the workers and to regulate through collective bargaining the terms and conditions of their employment'.

/ **The freedom to join any trade unions and non-discrimination** on account of membership to a trade union as part of labour relations is also ensured. Additionally, pursuant to ILO Conventions 100 and 111, and based upon non-discrimination on employment, equal opportunities and equal treatment for all people and non-discrimination in terms of remuneration for equal jobs are upheld. Inditex is committed to complying with applicable national laws and/or conventions, in furtherance of ILO Conventions 1 and 47 and of ILO Recommendation 116 concerning the working week and hours of work.

As for the objective scope of application of the Agreement with UNI, in addition to the reference to the protection and promotion of fundamental rights, the Group is committed to meeting the requirements laid down in national laws and in national collective bargaining agreements regarding working hours, protection of a safe, healthy and sustainable working environment, and promotion of best practices for occupational health and safety with the appropriate equipment and training. The Agreement between Inditex and UNI covers minimum rights for the staff of the various companies within the Group, given that in any event, such provisions, whether statutory, contractual or included in a collective bargaining agreement which confers higher rights, will always be respected.

Further to the above referred Agreement between Inditex and UNI, United Food and Commercial Workers International Union ("UFCW"), a US trade union and member of UNI, was interested in reaching a specific agreement with the Company for the stores in the USA covering the terms of the above referred 2009 Agreement. In response to this demand, an agreement was signed in 2015 with UNI, UFCW, Inditex and Zara USA, which led to the approval of a collective agreement that currently extends to 29 stores in the states of New York, New Jersey, Connecticut and Massachusetts (25 stores in 2022).

Likewise, in 2019, the Inditex Group formally established the Company's European Works Council (EWC), devised as a body for assurance and effectiveness of information and consultation of employees on transnational issues. Since its creation, the EWC has played a crucial role on several occasions, whether as a natural liaison for the Company during the global health emergency, or in its role as guarantor of the Group's digital transformation process which, in the case of Spain, was enshrined in the Digital Transformation Plan Agreement, which expired on 31 January 2023.

During 2023, the EWC met twice. In April, the five-member Select Committee met in Lisbon with UNI Global Union to prepare the renewal process of the EWC representatives whose mandate expired in June, after a four-year term. Once the local process of selection or ratification of members had been completed, the constituent plenary meeting was held in September with the participation of the eight member countries that already served on the representative body: Spain, France, Italy, Portugal, Germany, Belgium, Luxembourg and Austria. Once again, the Group's Arteixo headquarters hosted the members and alternates for a three-day meeting in which they received updated training on the EWC's competencies, were informed by the Company of its financial results and discussed other matters on the agenda, such as the global footprint in water consumption or diversity and inclusion in the image campaigns. In addition, a new working group was set up to analyse the situation of older people in the Company and a statement on gender violence and workplace harassment, drafted by the equality working group, was issued.

In order to preserve the health of social dialogue at the local level at Inditex subsidiaries, training is provided to human resources teams and store managers concerning trade union rights and cooperation with our workforce's legal representatives. The works councils and management of our subsidiaries meet periodically to inform, consult and listen to the union representatives and reach agreements to improve people's working conditions and quality of life. In this regard, agreements of various kinds were reached in 2023, such as the subsidiary in Italy, which signed a company agreement for store staff on 8 March 2023; Portugal, which agreed to a wage increase for all its store workers; Belgium, which updated its employee regulations in August 2023 with some improvements in social benefits, or Chile, which signed a new company agreement in August. Other markets implement alternative formulas for people to engage in their work environment. In South Korea, for example, there is a collegiate body of three members who represent the rest of the employees in regular monitoring meetings and in the agreements reached with the Company regarding working conditions. Well-being Committees were also established in Brazil during the year.

ⓘ More information on the well-being committees in section *7.1.7. Health and safety* of this Report.

Overall, the measures implemented this year in terms of social relations mean that, globally, the percentage of employees covered by local collective bargaining agreements is 59% (61% in 2022) while, in Europe, the percentage is 71% (70% in 2022). In Spain, 100% of the workforce is covered by collective bargaining agreements.

In Spain, a significant agreement on working conditions for store staff was also reached. In February, the leading national trade unions in Spain and the commercial brands of the Inditex Group signed the State Collective Agreement for the Improvement and Standardisation of the Remuneration and Social Conditions of the Group's Employees. Moreover, in April 2023, the Group signed its first Equality Plan in Spain. The key aspect of this new Plan is that it encompasses all store concepts and central services, thus unifying the measures in place under previous plans.

The plan comprises more than a hundred measures aimed at promoting workforce training and professional development, nurturing work-life balance, reducing bias, and protecting victims of gender violence.

/ With regard to professional development, training will always take place during working hours and a system for detecting the workforce's training needs will be rolled out, as will a system whereby human resources can guide staff wishing to obtain promotion within the Company.

/ As for working conditions, the plan provides improvements in schedules, rest periods and a commitment to set up working groups to reduce the part-time ratio.

ⓘ More information on the measures established in the area of work-life balance following the signing of the Group's Equality Plan in section *7.1.6. Work-life balance* of this Report.

Work organisation

The Inditex Group Code of Conduct assumes as part of its internal regulation the content of applicable legislation and agreements and conventions, both national and international, of which the Company is a party, and commits itself to comply with them.

Regarding work organisation, the Code specifically regulates respect for the time limits set by the applicable laws in each country in terms of weekly working hours and overtime.

This commitment to compliance with working hours is addressed in the Global Agreement with UNI, which includes a section on the guidelines provided in ILO Conventions 1 and 47 regarding eight-hour days and 40-hour weeks, respectively, and in Recommendation 116 regarding reduction of normal working hours established as a minimum standard for each country.

In practice, laws and collective bargaining agreements applicable to Inditex establish maximum annual working hours for employees, based upon which work schedules are agreed. Inditex has in place a working time control system, in accordance with the applicable legislation in each market.

7.1.5. Developing talent and training

GRI 2-4; 3-3; 404-1; 404-2; AF5

At Inditex, one of our priorities is to place **the best talent at the service of our customers.** To achieve this, from the talent management standpoint we focus on:

/ **Attracting the best talent** to work with us.

/ Providing our people with **opportunities for professional development and growth** primarily through internal promotion and mobility.

/ Providing our workforce with opportunities for **continuous learning.**

/ Creating a safe and motivating working environment that enable us **to retain talented professionals and strengthen their commitment.**

7.1.5.1. Talent attraction

We want working at Inditex to be more than just a job for our teams, and we make it easier for them not only to secure professional goals and opportunities, but also to find inspiration, innovation and creativity. Our value proposition as an employer is what sparks our candidates' interest in joining our teams at the Group's various brands and work areas in all the markets where we are present. The Company's jobs portal, **Inditex Careers,** is our main source of selection, receiving more than 6.2 visits from more than 200 markets in 2023.

A **candidate's experience** continued to be the priority in our selection processes in 2023. We create interesting, flexible and sustainable experiences, in which our potential employees can get to know Inditex, our purpose, values and opportunities, and we can find the perfect match between each candidate and each vacancy.

Along these lines, to attract **talent for our stores** this year we opted to connect with candidates through differentiating actions. One such example is the training and internship programme that Zara has developed in collaboration with the London-based Fashion Retail Academy, and the Zara Talent Fashion Day, an exclusive recruitment event for the opening of Zara in Duque (Seville).

Our relationships with the top universities and schools remain key to attract talent in all creative, management and technological areas.

In our programme targeting **creative talent** we seek people for our product teams, with expertise in design, trends, graphic design, styling, art direction, photography and editing. In 2023 we reached out to more than 30 international fashion schools, complementing the selection process with talks and workshops involving our sustainability teams to share our approach to this strategic aspect in the creation of our products.

Zara Business Graduates is our **junior talent** programme aimed at final year university students, through which we seek management profiles to join our teams in positions, such as buyers, product managers, controllers, logistics and finance.

Within the sphere of **technological talent**, we highlight the following actions:

/ **University Colab** allows students to complete their end-of-degree theses with Inditex, taking part in real projects under the mentorship of our teams. Through **Zara Boost** we reached students whom, having completed their degree, wish to commence their professional career in the development of software, data and cybersecurity. For this purpose, we use in-person events and online challenges to detect talent, among which this year we highlight the collaboration with Google Cloud at a digital workshop in Madrid. We also continued to conduct Tech Talks at universities, led by our technology team, in which we discuss our technical challenges and how we integrate technology into our business.

/ Likewise, through the **Tech Summer Camp** we identify and develop talent in STEM programmes (Science, Technology, Engineering and Mathematics) from the second year of studies onwards through a programme of summer scholarships, in which students from all over the world come to Inditex and fully enter the world of technology. Our collaboration with Stanford University's ICME (Institute for Computational & Mathematical Engineering) enables us to be in contact with one of the world's foremost spaces for technological talent.

With regard to our efforts as an **employer brand**, Inditex has topped the last 12 editions of the Merco Talento ranking, which analyses the best companies to work for. Also in Spain, in Universum's annual study, university students chose Inditex as one of the best companies in which to develop professionally. Globally, Zara has been included for the third time in Universum World's Most Attractive Employers ranking, which studies 10 significant international markets in terms of talent attraction to identify the most attractive companies for students.

7.1.5.2. Developing talent

Offering growth opportunities to our people has been at our core from the outset. Accordingly, we cultivate **internal promotion** and **mobility** so that our teams can grow and at the same time help us to continue evolving as a company.

In 2023, **72% of the Group's vacancies were filled internally** (68% in 2022), with the result that **more than 12,760 people were promoted** over the course of the year (more than 10,500 in 2022)[55]. By gender, 74% of the promotions were for women, 26% for men and 0.01% for non-binary people, figures in line with the gender distribution of our workforce. This commitment to generating opportunities for internal development results, in our office teams, in more than 900 promotions and more than 1,600 changes of functions, department, retail format or market.

InTalent, our marketplace for in-house opportunities, is essential to structure the path of internal promotion for our staff. In 2023 we expanded this platform to include central offices so as not only to facilitate internal growth but also to allow the movement of talent between different areas, brands and markets. InTalent gives all Inditex's teams the chance to find opportunities for professional development, while allowing our talent teams to identify people interested in growing at the Company. Our teams can also leave a recommendation for their colleagues on their InTalent profile. In 2023 more than 6,200 career growth opportunities were posted (more than 6,000 opportunities in 2022) and more than 1,200 people applied.

Another fundamental tool for identifying and developing talent in our store teams is **LEAP&Co.** This year we have improved the functionalities of this programme, thoroughly reviewing the content across all areas (product, processes, people, customer experience and diversity and inclusion) to adapt it to the new ways of information consumption and to improve the pedagogy. This platform operates at Zara stores in more than 53 markets across Europe, America and Asia, and at Zara Home in 33 markets. It has 51,000 active employees and has recorded more than 572,000 training hours this year.

Every year we look for new initiatives that enrich our people's experience. In 2023, we focused on a key group for our business: those responsible for the visual presentation of our products in Zara stores. Under the name of **Visual Commercial to the Spotlight,** we gave a voice to more than 2,000 people and worked on various initiatives. These included the Capsule Design Collection, an international competition in which more than 120 Visual Commercials from our Zara stores in Europe became designers and made their own collections. The three finalist teams, from Austria, the Netherlands and Germany, worked with our design and pattern teams in A Coruña to bring their designs to life in a capsule collection, on sale in our stores in the autumn/winter season.

Furthermore, with **Opening Support,** more than 300 store image specialists applied for a selection process to collaborate in a store opening or refurbishment in another country. Working abroad for a few weeks, learning the highest standards of product display to surprise our customers, collaborating with colleagues from a range of backgrounds and sharing best practices were highly valued experiences, presenting an opportunity not only for development, but to identify in-house talent, which typically results in a high percentage of internal promotions.

Lastly, the cornerstone for fostering a climate of continuous growth is to be aware of our people's development concerns and to exchange feedback on a daily basis. This is the purpose of **Talks** (as they are known at most of our brands), regular and individual conversations regarding development between our store managers and every member of their team. In 2023, around 39,000 assessments were conducted of more than 32,000 people.

7.1.5.3. Training

We believe in our teams' development and we strive unceasingly to foster environments that encourage continuous learning. Our aim is to provide training experiences that help our people to respond optimally to the challenges they face daily. We are convinced that not only do these experiences build the wealth of skills of our teams, but they are also a key pillar for the Company's sustainable success.

Accordingly, we provide learning experiences that address two needs: on the one hand, the business, offering initiatives to improve performance (individual or collective) and help our teams to do their work better. On the other hand, we create opportunities for our people to learn beyond their current role, to be inspired and encouraged to explore new horizons.

Our model is based on in-house training and is eminently practical. Training is mostly delivered by in-house trainers or developed in collaboration with top external entities when the required knowledge or expertise is not available in-house.

Our Tra!n learning platform offers a wide range of digital content tailored to each individual, and enables their in-person training to be recorded too. Fashion and product, Sustainability, Customer Experience, Operations, Skills or Digital are some of the subjects most demanded by our people when it comes to training in the platform. Tra!n is available in all markets where we operate except for Mainland China, where our employees have access to Grow, a local platform on which we offer content aligned with that of Tra!n.

From 1 February 2023 to 31 January 2024, around 2.8 million training hours were imparted to almost 2.3 million participants[56] (more than 2.6 million hours and more than 1.3 million participants in 2022).

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[55] Figures for the number of promotions and the percentage of internal vacancies coverage reported in 2022 have been restated.

[56] The increase in participants is explained by the launch in 2023 of a mandatory training plan involving all group employees in diversity and inclusion, compliance, store operations and information security, among other subjects.

Details of the training indicators are as follows:

Distribution by job classification:

2023			
	Training Hours	Participants	Hours per person
Management	270,884	208,045	27.6
Supervisor	291,368	222,865	19.4
Specialist	2,220,578	1,834,077	16.2
Total	**2,782,830**	**2,264,987**	**17.2**

2022			
	Training Hours	Participants	Hours per person
Management	247,412	148,520	23.1
Supervisor	201,995	132,837	13.7
Specialist	2,200,172	1,054,414	15.8
Total	**2,649,580**	**1,335,771**	**16.1**

Distribution by gender[(1)]:

2023				
	Unique people trained	Training Hours	Participants	Hours per person
Men	55,183	735,802	566,206	17.4
Women	158,324	2,045,403	1,696,018	17.1
Non-binary	46	776	637	30.9
Other/Unspecified	634	849	2,126	38.3
Total	**214,187**	**2,782,830**	**2,264,987**	**17.2**

2022				
	Unique people trained	Training Hours	Participants	Hours per person
Men	47,459	690,124	326,690	16.5
Women	139,858	1,959,456	1,009,081	15.9
Total	**187,317**	**2,649,580**	**1,335,771**	**16.1**

(1) One person can attend more than one training course. In the indicator unique people trained, those people who have attended more than one course are counted only once. With regard to this indicator, the only available breakdown is by gender.

Distribution by geographic area:

	2023			2022		
	Training hours	Participants	Hours per person	Training hours	Participants	Hours per person
Spain	456,833	488,312	9.6	491,421	326,414	10.6
Europe (ex-Spain)	1,419,197	1,143,593	18.2	1,444,644	655,476	17.3
Americas	507,350	380,695	24.8	329,191	213,470	15.7
Asia & Rest of the world	399,450	252,387	25.7	384,323	140,411	26.6
Total	**2,782,830**	**2,264,987**	**17.2**	**2,649,580**	**1,335,771**	**16.1**

Distribution by content:

	2023		2022	
	Training Hours	Participants	Training Hours	Participants
Corporate (About us)	1,360,243	1,009,867	1,208,769	682,883
Customers	87,305	123,719	64,871	110,008
Fashion and Product	153,927	428,895	119,360	203,527
Languages	26,487	23,640	43,266	24,161
Processes, Techniques and Tools	920,811	550,640	962,047	223,823
Skills	234,057	128,226	251,267	91,369
Total	**2,782,830**	**2,264,987**	**2,649,580**	**1,335,771**

Main training initiatives in 2023

Corporate training on our culture and values

/ ***Compliance*:** at Inditex we share a solid commitment to a corporate ethical and compliance culture, grounded on principles of integrity, honesty, transparency and responsibility. Compliance encompasses strict adherence to the external and internal applicable regulations, and how each person applies them to their daily activities. Implementation of the Compliance Training Framework Plan, which began in 2022 and is coordinated and managed by the Compliance function, continued over the course of 2023. The corporate areas adhered to the Plan have published their mandatory training courses in a dedicated area of Tra!n, our learning platform. The courses were specifically tailored to the profile of the various groups at Inditex so as to obtain customised training based in keeping with the risks to which each person is exposed daily.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report.

/ **Diversity and inclusion:** training our teams in diversity and inclusion is essential to create an inclusive culture and make spaces free of any kind of discrimination. In 2023, more than 156,000 people from all over the world accessed training in this connection, accounting for around 73,000 training hours. During this past year, we developed a long-term, global training plan with the aim of raising awareness among our entire workforce. This training is conducted through the D&I Channel within Tra!n, and it is structured in various levels: from basic level for all our people, available for the vast majority of markets this year, to more advanced levels focused on raising awareness among different positions and functions within the Company. Our 'We design opportunities for all' course is mandatory and establishes the Company's framework and commitment to diversity and inclusion. We also launched the pilot edition of the 'Disability Inclusion' course, raising our teams' awareness of the importance of fully integrating people with disabilities, which will be implemented in all our markets by 2024. In 2023, for the purpose of learning how to communicate in our daily lives in a way that does not discriminate against a particular sex, social gender or gender identity, and does not perpetuate gender stereotypes, training has been conducted in Spain to promote the use of inclusive language among our teams. This training aims to raise awareness and provide tools to transform our communication and make sure it is inclusive and not sexist. In 2023, our training included various in-person courses, notably 'The Right Leader @ Inditex is Inclusive', 'Unconscious Bias' and 'Mitigating Racial Bias in the Retail Environment', among others.

ⓘ More information in section *7.1.2. Our approach to diversity* of this Report.

#BoostYourPower

At Inditex we are convinced that fostering a culture of sustainability in all areas of our Company is key to making constant progress and, ultimately, to achieving results on this front. For us, sustainability is a way of working, a way of thinking, an approach to everything we do: it is an attitude that is at the very heart of our culture. Thus, a few years ago we launched **#BoostYourPower**. Since 2021 we have focused on two key areas due to their impact: buying teams, with their purchasing offices, due to their involvement in the creation of our products; and our store staff, as our direct contact with customers. Two initiatives emerged from this vision: **The Sustainable Fashion School and Changemakers**.

In 2023, as part of our space dedicated to sustainability training and innovation, **The Sustainable Fashion School** (SFS), we completed the first and second editions of the Foundations of Textile Manufacturing Master's programme, devised in collaboration with the University of Leeds. More than 1,200 people from all the concepts have completed the course and taken part in the graduation ceremonies held at various headquarters.

To supplement this theoretical training and as part of The Sustainable Fashion School, SFS Bootcamps were launched. These are immersions in textile factories giving participants hands-on experience of the main processes that our products go through (spinning, weaving, dyeing, printing, sewing, etc.) and enabling them to share technical and sustainability concerns with professionals from the sector. Anyone completing the training programme can sign up for these Bootcamps, an initiative that will remain open throughout 2024.

Furthermore, **Changemakers** is the community leading this cultural transformation from the heart of our business, our stores. Changemakers are people with a curious nature and a genuine interest in sustainability, diversity and inclusion, who dedicate part of their working day to staying abreast of developments, training store teams and devising and implementing proposals that make sustainability tangible. The Changemakers network interacts with the teams from central offices to carry out their proposals, working together to achieve the Company's sustainability goals.

At the end of 2023, this project has been implemented at all the stores in all markets in which Zara is present. We have also rolled it out in Zara Home, Massimo Dutti, Bershka, Stradivarius, Oysho and Pull&Bear, and adapted the model for our office teams in Tempe. As a result, Inditex now has more than 2,200 Changemakers. In 2024 we will establish the Changemaker community in all stores in all the Group's markets.

Language training

/ **Busuu** is an app for mobile devices that offers employees the opportunity to learn up to 14 languages. We offer everyone access to its premium version which includes the option to obtain official certificates (more than 1,100 this year), with English and Spanish the most widely studied languages. Overall, in 2023 our staff devoted more than 13,900 hours to improving their language skills using Busuu.

In-store training

/ **Zara Campus** is a project designed to respond to the need for training and development among new promotions and people in management positions in stores. This training is conducted in our Campus stores, which are Zara stores used as a practical scenario for training our managers in three areas (management, sales and operations). We also provide training aimed at the development of certain groups, such as the Zara Masters (tutors for the on-boarding training of our new recruits) and leadership training for managers.

/ **Customer experience:** to share Zara's customer-centric commercial approach, we continue to work with the stores in accordance with their various needs. Store managers lead the change, analyse the feedback they receive from their customers (over 250,000 reviews so far) and develop their teams to help deliver the desired experience. Customer Experience (CX) is implemented at 800 Zara stores in 50 markets, and more than 35,000 of our people have a CX profile and are working to improve their customer service skills.

/ ***Zara Camp and Inditex Camp:*** Zara Camp was launched in 2022 as a digital training space within Tra!n, accessible to all Zara teams worldwide, in which our own people outline the Zara business model and show the various areas and departments where they work. New content was added in 2023, bringing the total number of modules to 34, and the initiative has been expanded to include Inditex's corporate services. Inditex Camp introduces our office teams to the way corporate services areas such as Finance, Communication, the General Counsel's Office, Audit and Sustainability, among others work, giving them an insight into the day-to-day routine of the teams that support them.

7.1.5.4. Connection and engagement with our people

The fourth objective of our talent management strategy is to provide safe and motivating work environments that help us retain talent, connect with our people and boost their commitment to the Group. To achieve this, **INET**, our tool and main internal communication channel, plays a key role in keeping everyone in the Group connected.

Available in online and app format in all the markets where we have employees, INET allows us not only to communicate and announce the latest news within the Group in real time, but also to simplify and digitalise many of the daily tasks that our people need to carry out wherever they are. Consulting pay checks, seeing which benefits the company offers, requesting leave or even taking part in a charity initiative with a single click are examples of the possibilities it offers us.

In addition, having our own digital environment strengthens the connection between everyone at the Group, fostering a greater sense of community and belonging, and thus establishing a direct, two-way connection that is key to developing our talent strategy. INET received more than 34 million visits in 2023 (more than 25 million in 2022).

Furthermore, to provide daily commercial and customer information to our store teams, and to establish a direct connection between them and our design teams, we have continued to develop **brand-specific spaces for internal communication.** In addition to those previously launched (Zara has Dear Team; Zara Home, *#tengoalgoquecontarte*; Massimo Dutti, MD Journal and Stradivarius, StradiPeople), in 2023 the Oysho News space was launched for Oysho. As well as allowing the same message to be shared and highlighted daily in all our stores worldwide, these channels help store managers to enliven the team meetings that take place before opening.

In 2023 we also continued to roll out **InStories,** our internal social network, which we implemented in several new markets: Hungary, the Adriatic countries, Kazakhstan, the Czech Republic, Slovakia, South Africa and Austria. This brings to 34 the number of markets in which InStories is now available. In this space, which works much like social media, we can connect with profiles of people in the Group from anywhere in the world, follow our favourite hashtags and participate in the challenges and campaigns that are trending at any given time, thus enhancing the interaction with our teams, who themselves become content creators. As of the end of 2023, the InStories community has shared more than 550,000 posts.

Finally, in order to keep tabs on our stores and ascertain our people's perception of what it is like to work with us, we developed **'Your opinion matters to us'**, a completely anonymous survey that we send to store employees when they leave Inditex. Launched in 2016 and available in all our markets with own stores, it allows us to obtain their feedback on various aspects of their day-to-day life, such as the relationship with their colleagues or managers, the training they receive, their salary or how well their working hours suits their availability. Over the course of 2023, we received more than 30,000 responses, which implies 31% of participation. In addition, the question 'Would you recommend Inditex as a place to work?' is used to measure our people engagement. In 2023, this question obtained an average of 71% positive responses (70% in 2022), obtaining 93% positive responses in Spain (91% in 2022).

7.1.6. Work-life balance

GRI 2-4; 2-23; 2-24; 3-3; 401-3; AF5; AF23; AF27

7.1.6.1. Work-life balance

Promoting our employees' well-being is paramount for the Inditex Group. Consequently, we promote measures that seek to facilitate work-life balance, advocating especially for **co-responsibility**. We consider the latter to be both a right and a duty, as we aim to reflect in our equality plans. Furthermore, our equality plans contain other balance measures such as the possibility of splitting up leave periods for hospital stays or care of relatives up to second degree of kinship, flexible working hours for adaptation periods at nursery or infant schools, or the extension of leave with job guarantee for personal matters, studies, international adoption or care of dependent family members.

Likewise, when it signed the Equality Plan in the first half of 2023, the Group introduced balancing measures for reasons of study, medical needs or care of children and/or family members.

With regard to childcare, a number of improvements were introduced over and above the ordinary legal requirements. With regard to the period for breastfeeding, it has been extended to 12 months, up to 45 calendar days if working hours total less than 30 and 32 calendar days if working hours exceed 30. Paid leave is established for school adaptation periods and the reduction of working hours may apply for employees with children beyond the age of 12 whose birthday falls in the first half of the year.

Internationally, at Inditex Group we strive to improve the rights guaranteed by the local legislation of each country through work-life balance policies, prioritising those markets in which the legislation is not especially protective.

/ In the United States, the paid parental leave policy has been applied since 2019 to all of our people who meet minimum requirements, regardless of their gender. In 2023, this leave has been increased to 16 weeks, covering time spent caring for newborns and adopted or foster children alike. The subsidiary also provides care services for children and adults with special needs, both in care centres and at home, through an external company whose services are available to the entire workforce. It also covers assistance programmes for our people in areas such as emotional support and well-being, financial and health advice, transport subsidies, and tuition fee subsidies or reimbursement.

/ We promote measures to broaden the rights enshrined in local legislation or that help improve work-life balance by means of flexible working hours, efficient organisation of teams, extending leave for caring for children and/or dependants and even financial assistance to help cover the cost of childcare or other care. Markets where such measures are applied include Greece, the United States, the United Kingdom, Italy, Germany or France, among others. In addition, office staff in many of our subsidiaries have flexible entry and exit times.

/ An increasing number of markets are opting to improve conditions for their staff by extending health coverage, either as a social benefit paid for by the subsidiary itself or by negotiating more favourable health insurance conditions. In addition to Spain, through its flexible remuneration plan, markets such as Brazil (with its Baby on Board Programme), Canada, Mexico, Greece, Romania and Mainland China already offer this type of benefit.

As in previous years, in 2023 100% of our employees in Spain (47,761 people: 34,607 women and 13,154 men) were entitled to parental leave in connection with birth or placement for adoption or foster care. A total of 2,005 people took leave for birth, adoption or foster care placement (1,437 women and 568 men), almost all of whom returned to work: 1,986 people (1,424 women and 562 men). In addition, 13% of the employees in Spain work part-time for childcare reasons.

Below is a breakdown of maternity and paternity leave in Spain and the rest of the world:

Parental leave - Spain	**2023**	**2022**
Total figures for parental leave	**2,005**	**2,107**
Women	1,437	1,527
Men	568	580
People that returned to work after parental leave ended	**1,986**	**2,072**
Women	1,424	1,505
Men	562	567
Return-to-work rate	**99%**	**98%**
Women	99%	99%
Men	99%	98%
People who continued working at the Group 12 months after returning from leave	**1,990**	**1,963**
Women	1,448	1,451
Men	542	512
Retention rate	**94%**	**91%**
Women	95%	88%
Men	93%	98%

Parental leave - World (ex-Spain)	2023	2022
Total figures for parental leave	**7,576**	**8,039**
Women	7,133	7,623
Men	443	416
Return to work rate	**95%**	**92%**
Women	95%	92%
Men	99%	98%
People who continued working at the Group 12 months after returning from leave (1)	**5,763**	**—**
Women	5,450	—
Men	313	—
Retention rate	**72%**	**—**
Women	71%	—
Men	75%	—

(1) Indicator first reported in 2023; historical data for previous years is not available.

7.1.6.2. Work disconnection policies

The Inditex Group is also committed to promoting an internal policy that guarantees the **right to digital disconnection in the workplace**, pursuant to Spain's Data Protection Act (Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights). Thus, staff are encouraged to adopt habits such as resting between working days and during holidays, and promoting direct interaction with their colleagues.

Notwithstanding the commitment acquired at the corporate level, negotiations with workers' representatives have also resulted in other measures on this front, which are included both in the latest equality plans of logistics companies and in the new Group Equality Plan, applicable in Spain.

Internationally, France has included the right to disconnect as a measure to improve work-life balance in the company agreement on quality of life at work.In other markets where there is no legislation in force requiring digital disconnection from the workplace, the Group's brands have implemented an initiative aimed at ensuring that employees do not receive communications from the Company during their days off and at eliminating instant messaging applications as a work tool.

In general, both the IT systems and human resources teams at our subsidiaries are working to promote and implement healthy work habits, regardless of whether there is legislation in place, either through information, training and awareness, or by adopting specific measures applied to our corporate systems, such as e-mail.

7.1.7. Health and safety

GRI 2-4; 3-3; 403-1; 403-10; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 413-1; AF5; AF31

In 2023, at the Inditex Group we continue to advance in our firm commitment to the health, safety and well-being of our people, whom we see as fundamental pillars. We endeavour to lead through the application of international standards that ensure health and safety, guaranteeing compliance with the most stringent standards. Training and information for our staff are priorities in our unyielding quest for opportunities for continuous improvement.

The **Occupational Health and Safety Policy**, updated and ratified by the Board of Directors in December 2022, reflects our firm commitment to occupational safety, health and well-being, which we see as paramount for all our activities.

We endeavour to implement proactive measures to identify and mitigate potential risks, as well as to nurture a culture of safety, health and well-being that fosters individual and collective responsibility

We set targets for continuous improvement, and we are constantly on the lookout for opportunities to improve our health and safety practices, which are established and assessed annually as part of the ISO 45001:2018 management system. By means of feedback from our employees, periodic risk assessments and analysis of incidents, we undertake to identify areas for improvement and to implement corrective measures in a timely and effective manner. ISO 45001:2018 management system targets for health and safety compliance in the markets are as follows:

/ Obtaining 85% of positive outcomes from monitoring safety conditions at work centres.

/ Reducing incidents by 10% year-on-year.

/ Obtaining 75% rate of participation by workers in activities to promote health.

/ Increasing by 10% the training time for addressing emergencies and providing first aid.

We ensure that all employees receive the necessary training and skills to carry out their work in a safe and healthy way. This includes induction programmes for new employees, specific training for handling machinery and equipment, and periodic refresher sessions on safety and emergency procedures.

We acknowledge the importance of people's comprehensive well-being, and accordingly we undertake to promote a healthy lifestyle through health and well-being programmes that include physical exercise, nutrition education and psychological support activities.

We foster the active engagement of employees in the identification and solution of problems linked to occupational health and safety. We value their ideas and suggestions, and we nurture an inclusive working environment in which everyone feels listened to and respected.

A fundamental aspect in the quality of implementation of a management system is the availability of mechanisms for employee engagement, communication and consultation. In Spain, this can be exercised through the specific area of APPInet for health and safety information.

At the distribution centres employees have the opportunity to take part through various communication mechanisms in prevention and other continuous improvement programmes for the safety of individuals, such as the Meco Logistics Platform's *Ideas Azules*: this is a physical suggestion box in which people can leave all kinds of messages on health and safety, incidents, complaints and areas for improvement. Another example is Massimo Dutti Logística, which has the *Ideas* Platform Ideas project for submitting proposals for improvement in various spheres: sustainability, operations, health and safety. This is done through the INET-Requests- Platform Ideas, and if the proposal is implemented the person suggesting it is rewarded with a day's paid leave.

We undertake to comply with all rules and regulations in connection with occupational health and safety established by the competent authorities in each of the markets where the Group is present.

We strictly monitor legal requirements and make every effort to exceed them, establishing even higher standards of safety and well-being for our employees.

7.1.7.1. Health and safety protection

In connection with health and safety protection, since 2014 we have been implementing the **ISO 45001:2018 management system**, which is internationally recognised for its ability to control risks and improve occupational health and safety performance.

This year our Hungarian trade and design activity has been certified to this standard, which is considered to be the highest health and safety standard, which joins the 26 markets where it was already implemented. Furthermore, we have maintained and audited under ISO 45001 standards the manufacturing and logistics companies in Spain and Mexico. In the last year we have audited the Management System in a total of 242 workplaces.

A total of 74% of the company's own employees who work in Inditex Group's activities, companies and markets,do so in areas where the highest standard in the occupational health, safety and well-being management system is implemented, in keeping with the maximum requirements of the ISO 45001 standard and in a process of continuous improvement. In 2024, we plan to obtain this certification in Kazakhstan, Australia, France and Brazil.

As for the execution of refurbishment and construction works in Europe, carried out by GOA INVEST, S.A., we maintain the ISO 45001 certification.

Worker health and safety training

Continuous health and safety training remains vital both for reducing accidents and empowering our workers.

We provide training programmes tailored to a variety of tasks and positions, with objectives ranging from the initial training for in-store functions to the essential training needed to work safely. Occupational health and safety skills and qualifications form a specialised body of knowledge that ensures that our employees are properly equipped to understand and prevent risks in their working environment.

Participants in training/Market[57]

Europe (ex-Spain)	2023	2022
Albania	33	434
Germany	760	1,008
Austria	222	118
Belgium	436	614
Belarus	226	96
Bosnia-Herzegovina	49	91
Bulgaria	621	241
Croatia	210	567
Denmark	248	321
Slovakia	132	134
Slovenia	74	30
Finland	77	51
France	2,129	1,930
Greece	2,224	1,093
Hungary	414	88
Ireland	2,230	1,400
Italy	2,940	2,670
Luxembourg	16	12
North Macedonia	340	148
Montenegro	63	79
Norway	144	260
Netherlands	1,077	457
Poland	6,748	6,208
Portugal	17,246	4,592
United Kingdom	20,077	16,652
Czech Republic	310	182
Romania	2,389	4,709
Serbia	254	567
Sweden	340	278
Switzerland	1,794	2,980
Türkiye	12,743	3,388
Ukraine	173	454

Asia and rest of the world	2023	2022
Australia	608	206
South Korea	14,396	13,854
India	574	663
Japan	3,626	24
Kazakhstan	1,497	1,104
New Zealand	112	7
South Africa	226	17
Mainland China	3,152	4,756
Taiwan, China	1,190	1,738
Hong Kong SAR	1,210	162
Macao SAR	57	16

Spain	2023	2022
Spain	58,108	48,465

Americas	2023	2022
Argentina	8,924	3,974
Brazil	1,395	237
Canada	830	1,705
Chile	4	13
United States	12,571	14,041
Mexico	3,766	4,311
Uruguay	5,246	2,679

[57] One person can attend more than one training. Taking this into account and in contrast to previous years, this exercise shows participants per market instead of unique people trained. The data for 2022 have been restated in the same terms to make the year-on-year development comparable. In relation to scope, there are no participants in markets where we only have buying offices. These markets are: Bangladesh, Cambodia, Morocco, Pakistan, Singapore and Vietnam. Additionally, the number of participants from Monaco is included within France.

7.1.7.2. Promoting well-being

Inditex, healthy organisation

As part of our ongoing commitment to promoting and caring for the safety, health and well-being of our community, Inditex has strengthened its position as a Healthy Organisation. This annual recognition as a Healthy Company underscores our comprehensive management approach, addressing both physical and psychosocial aspects, allocating significant resources to our employees' well-being and fostering their active engagement in the community. Based on the World Health Organization model, this certificate is audited biannually.

In the course of 2023, Inditex companies in Spain, Italy, the United Kingdom, Ireland, Japan, Portugal, Greece, Argentina, Mexico, Uruguay, Germany, Poland, Türkiye, Chile, Mainland China, Luxembourg, Canada, Bulgaria, Croatia and Romania renewed their certification as Healthy Organisation. The Indian market was also added. The goal for 2024 is to obtain certification for the Group's companies in Poland, Brazil, Serbia and Slovenia.

Well-being committees

We maintain our focus on creating Well-being Committees and in 2023 more of these committees were set up in markets like Brazil, and are now present in a total of 19 markets. In 2024 these Committees are set to be created in Slovenia, Serbia, the United States and the Netherlands. In Spain, new committees were set up at the companies Massimo Dutti Logística, Plataforma Logística León, Bershka Logística, Lefties, Stradivarius Logística and Tempe. These transversal committees coordinate various initiatives related to diversity, equality, promoting health, inclusion, work-life balance, mental health, working hours, food, ergonomics, workspaces, sports, employee mobility and participation in social events and actions.

Promoting health

With the aim of promoting health and healthy habits among our employees, Inditex presents the InHealth portal. This platform, available in 25 markets, features news, actions and challenges adapted to the workplace, cultivating a balance between body, mind and emotions. In 2023 we implemented InHealth in South Africa, Australia and New Zealand. Next year we plan to deploy it in another five markets: Belgium, Luxembourg, Brazil, Montenegro and Slovenia.

Furthermore, as part of our commitment to employee health care, in 2023 we made the Open Salud platform available to more than 27,000 employees at the stores of all the Group's brands in Spain, allowing them to consult with specialists in Internal Medicine, Dermatology, Trauma Medicine, Psychology and Nutrition. In 2023 there were 3,334 online consultations and 1,796 workers requested some kind of subsidised health service through the Opensaludpass platform

A variety of health promotion initiatives have been carried out, including the opening of a new gym at the Pull&Bear central services in Narón, serving a total of 450 people; the celebration of Wellness Week in Tempe, involving 240 people; and a Healthy Cooking course at Zara Home distribution centre, in which 448 people took part.

Specific Workplace Well-being Programmes were also conducted in different markets over 2023:

/ **France:** The In Harmonie programme identifies those aspects that help to have a better healthy life, reaching 10,305 people.

/ **Poland:** The I'm healthy here programme promotes mental, physical and nutritional health and reached a total of 8,982 people.

/ **United Kingdom:** The Welfare and well-being programme provides comprehensive support for general medical and psychological assistance, providing social support for employees, and introducing the figure of the Wellbeing Warrior at workplaces for a total of 5,000 people.

/ **Germany:** Energizer is a programme to designate well-being ambassadors. Health initiatives and other employee benefits are channelled through the people designated in each store.

/ **Portugal:** Mental health In is a mental healthcare programme in collaboration with the Red Cross that has reached 6,185 people.

Health services

In keeping with our commitment to provide additional health services, all our logistics and manufacturing centres are equipped with medical services for regular check-ups, health screening tests and vaccination drives. Furthermore, our head offices, distribution centres and factories in Spain are equipped with breastfeeding rooms and female store workers have access to them as needed. There are also other medical services provided through additional health insurance and placing particular care on mental health.

In 2023 more than 50,000 people in the Inditex Group working at our own subsidiaries received a medical check-up.

Prevention of musculoskeletal injuries

In the prevention of musculoskeletal injuries, we continually assess the ergonomic conditions at our workplaces and provide onboarding training in this connection for all employees on the following matters:

Ergonomics in designing work spaces: Designing work areas that promote ergonomic posture to reduce the physical strain on employees. This includes the proper positioning of shelves and storage areas to minimise the need to lift heavy loads or adopt uncomfortable positions.

Training and skill-building: We provide regular training on the adequate techniques for handling loads and promote the use of aids such as forklift trucks, transport trolleys or platforms to help reduce the risk of injuries from lifting heavy objects.

Task rotation: Encouraging employees to rotate tasks can help to fairly distribute the physical load and prevent muscle fatigue caused by repetitive movements.

Rests and active breaks: Promoting the importance of taking regular rests and active breaks to stretch and relax muscles can help ease the tension accumulated during long periods of standing or repetitive work.

Safe working environment: Keeping a clean and tidy working environment can reduce the risk of trips and falls, which can also contribute to musculoskeletal injuries.

We encourage open communication: We urge people to report any discomfort or musculoskeletal pain early as this can help address problems before they develop into more serious injuries.

In 2023, more than 9,000 workers took part in initiatives such as the Back School and Preventive and Recovery Plans, at both logistics centres and stores.

At Indipunt we have implemented the Wellbeing Coach programme that recognises potential injury-causing movements, and promotes the proper execution of the various patterns of movement. In addition, at Massimo Dutti Logística, the Let's Move posture coach programme was carried out.

7.1.7.3. Health and safety indicators

In health and safety, during 2023 we compiled data on accident data at our own logistics, store, offices and manufacturing.

When analysing health and safety indicators, we consider an occupational accident to be any bodily injury to a worker during or as a consequence of the work performed as an employee, while an occupational disease is a disease whose onset is a result of the work performed as an employee in the activities and specified in the professional illnesses chart of the activity, according to local legislation. Such disease must be a result of the action of elements or substances indicated in said chart for each occupational disease.

We have implemented preventive measures focused on mitigating all risks, the most representative being those posed by journeys in and outside of work centres (21%), by equipment and machinery (22%), facilities (19%) and work centre tidying and cleaning (5%).

The most common type of accident are collisions and crashes (17%), trips or slips (16%), cuts or punctures (12%), or over-exertion in lifting loads (11%).

During 2023 and 2022, there were no fatalities resulting from occupational injuries or accidents in any of our markets.

Other accident rates[58]

Spain

	Incident rate		Frequency rate		Severity rate [(1)]	
	2023	2022	2023	2022	2023	2022
Own stores						
Women	15.76	17.99	12.94	14.81	0.29	0.38
Men	12.09	14.38	9.02	10.74	0.11	0.24
Logistics centres						
Women	87.50	96.27	64.32	71.28	1.50	2.43
Men	94.88	96.36	66.53	68.08	1.49	2.63
Own factories						
Women	36.95	5.03	13.43	2.61	0.14	0.09
Men	86.08	26.81	10.48	9.93	0.03	0.52
Central services						
Women	2.67	3.95	1.33	1.97	0.04	0.06
Men	1.85	2.82	0.92	1.40	0.01	0.09

Europe [(2)]

	Incident rate		Frequency rate		Severity rate [(1)]	
	2023	2022	2023	2022	2023	2022
Women	15.67	16.55	13.31	14.40	0.41	0.24
Men	11.67	13.95	8.73	10.40	0.29	0.22

Asia and rest of the world [(3)]

	Incident rate		Frequency rate		Severity rate [(1)]	
	2023	2022	2023	2022	2023	2022
Women	5.01	5.02	3.84	3.80	0.06	0.00
Men	4.34	2.84	2.98	1.83	0.06	0.00

Americas [(4)]

	Incident rate		Frequency rate		Severity rate [(1)]	
	2023	2022	2023	2022	2023	2022
Women	12.78	13.02	9.34	10.82	0.24	0.32
Men	13.74	8.69	9.15	6.69	0.18	0.30

(1) For the severity rate, absence days are not available for the following markets: Czech Republic; Hungary; Japan; Kazakhstan; Slovakia; Slovenia; South Korea; Taiwan, China; Macao SAR representing 1.5% of the total accidents in all markets (in 2022 information is only available for Spain; Bulgaria; Croatia; Greece; Italy; Portugal; Romania; Argentina; Chile; Mexico and Uruguay). This information is expected to be available in the 2024 report.

(2) Albania; Austria; Belgium; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Czech Republic; Denmark; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Luxembourg; Montenegro; Netherlands; Norway; Poland; Portugal; Republic of Northern Macedonia; Romania; Serbia; Slovakia; Slovenia; Sweden; Switzerland; Türkiye; United Kingdom.

(3) Australia; New Zealand; India; South Korea; Japan; Mainland China; Taiwan, China; Macao SAR; Hong Kong SAR; Kazakhstan and South Africa.

(4) Argentina, Brazil; Canada; Chile; United States; Mexico and Uruguay.

[58] Accident data are shown as ratios only, as they are a reliable representation of the Company's health and safety performance. The calculation formulae used are as follows:

- Incidence rate with sick leave = (No. of accidents with sick leave *1,000) / Average number of employees.
- Frequency rate = (No. of accidents with sick leave *1,000,000) / Hours worked
- Severity rate = (Days of sick leave *1,000,000) / Hours worked

Accidents with more than 180 days absence (1)

Spain

	Logistic centres		Own stores		Own factories		Central services	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	8	2	10	6	0	0	1	0
Men	10	7	0	0	0	0	0	1

Rest (Europe, Americas, Asia and rest of the world) (2, 3, 4)

	Europe		Asia and rest of the world		Americas	
Women	19	42	1	1	6	6
Men	1	12	0	0	2	3

Occupational diseases

Spain

	Logistic centres		Own stores		Own factories		Central services	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	4	13	0	0	0	0	0	0
Men	6	11	0	0	0	0	0	0

Rest (Europe, America and Asia and rest of the world) (2, 3, 4)

	Europe		Asia and rest of the world		Americas	
Women	11	21	0	2	4	3
Men	0	3	0	0	2	1

(1) For accidents with more than 180 days of absence, absence days are not available for the following markets: Czech Republic; Hungary; Japan; Kazakhstan; Slovakia; Slovenia; South Korea; Taiwan, China; Macao SAR representing 1.5% of the total accidents in all markets (in 2022 information is only available for Spain; Bulgaria; Croatia; Greece; Italy; Portugal; Romania; Argentina; Chile; Mexico and Uruguay). This information is expected to be available in the 2024 report.

(2) Albania; Austria; Belgium; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Czech Republic; Denmark; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Luxembourg; Montenegro; Netherlands; Norway; Poland; Portugal; Republic of Northern Macedonia; Romania; Serbia; Slovakia; Slovenia; Sweden; Switzerland; Türkiye; United Kingdom.

(3) Australia; New Zealand; India; South Korea; Japan; Mainland China; Taiwan, China; Macao SAR; Hong Kong SAR; Kazakhstan and South Africa.

(4) Argentina, Brazil; Canada; Chile; United States; Mexico and Uruguay.

In 2023, the total number of hours of absenteeism due to common illness, corresponding to 97.4%[59] of the Group's employees (including all logistics and store employees in the world and office employees in Spain), amounted to 12,810,222 hours (13,223,549 hours in 2022[60]).

The total number of hours worked in 2023, corresponding to 92.4% of Group's employees (including all logistics and store employees in the world), amounted to 182,712,729 hours (92.8% of employees and 177,342,180 hours in 2022).

Non-employee worker accidents

At Inditex we also look after the health and safety of people who, though not our own employees, carry out their activity in the Group's work centres under its supervision. In 2023 there were 22 accidents involving non-employee workers in Spain (in 2022 there were 7). As for the other markets[61] reporting non-employee workers, accidents occurred in 8: Italy (10), Brazil (3), Chile (3), United Kingdom (3), Uruguay (3), France (2), Austria (1) and Switzerland (1), giving a total of 26 accidents (0 accidents in the 3 markets reported in 2022).

Emergency management

So as to actively manage at all times the **risks that may arise in any workplace**, and in keeping with our philosophy of following the precautionary principle, we have designed, prepared and implemented **Emergency and Evacuation Plans and Self-Protection Plans** that establish the organisational and functional criteria in the different facilities. The objective is to prevent, control and provide an adequate response, from the outset, to potential emergency situations that may cause harm to people and/or their property.

[59] Information on the remaining 2.6% is not available.
[60] The absenteeism data reported in 2022 has been restated taking into account the improvement in the quality of the information reported.
[61] The following markets have no non-employee workers: Albania, Australia, Mainland China, Macao SAR, Slovenia, Greece, New Zealand, Portugal and South Africa.

Through these Plans, we comply with the regulatory requirements applicable to occupational risk prevention and occupational health and safety, as well as with the internal requirements established by the Group for the workplaces.

In short, these Emergency and Evacuation Plans and Self-Protection Plans include the necessary steps for prevention and control, as well as protection measures and other actions to be taken in the event of emergencies.

In the last two years, the following actions were taken:

	2023			2022[62]		
	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan
Brand		**New**	**Updated**		**New**	**Updated**
Bershka	11	19	1	1	6	0
Massimo Dutti	3	6	5	3	9	5
Oysho	0	12	14	0	9	18
Pull&Bear	1	19	25	8	20	6
Stradivarius	5	38	22	5	22	11
Zara	22	45	4	25	79	57
Zara Home	5	19	0	2	13	6
Total	**47**	**158**	**71**	**44**	**158**	**103**

Emergency, Self-Protection and Evacuation Plans

Market	**2023**	**2022**
Spain	286	238
Albania	0	2
Germany	40	108
Argentina	12	12
Australia and New Zealand	2	18
Austria	0	1
Belarus	0	0
Belgium	10	3
Bosnia Herzegovina	0	0
Brazil	1	50
Bulgaria	4	5
Canada	0	0
Chile	13	14
Mainland China	2	5
South Korea	0	0
Croatia	10	40
Denmark	0	0
Slovakia	0	0
Slovenia	5	0
United States	103	2
Finland	0	0
France	11	12
Greece	7	0
Hungary	13	17
India	5	4
Ireland	3	0
Italy	218	271
Japan	7	6
Kazakhstan	2	0
Luxembourg	0	0
North Macedonia	0	0
Mexico	265	395
Montenegro	1	0
Norway	0	0
The Netherlands	2	3
Poland	213	44
Portugal	10	6
United Kingdom	6	0
Czech Republic	0	0
Romania	11	3
Serbia	4	21
South Africa	0	1
Sweden	0	0
Switzerland	4	20
Türkiye	1	84
Ukraine	0	0
Uruguay	4	4

[62] The data on the number of Zara's Self-Protection Plans and Emergency and Evacuation Plans reported in 2022 have been restated to take into account the improvement in the quality of the information reported.

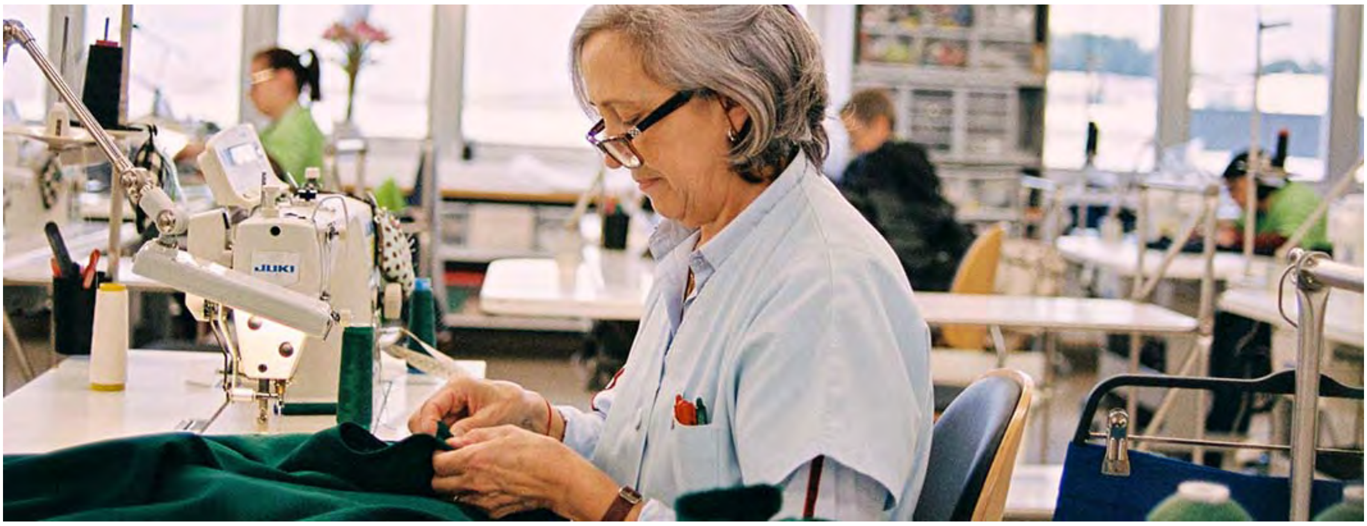
Other emergency management activities are summarised in the tables below:

2023

Work centre	Description
Talent Center Madrid	Emergency and evacuation plan
Bershka Logística	25th Anniversary emergency plan
Zara Home Logística	Evacuation drill
Stradivarius Logística	Theoretical and practical training emergency teams
Pull&Bear España S.A.	Self-protection plan
Servicios Centrales Arteixo	Protocol for action in the event of an emergency
Massimo Dutti Logística	Self-protection plan
Tempe	Self-protection plan

2022

Work centre	Description
Indipunt	Emergency and evacuation plan
Tempe	Evacuation drill Elche
Tempe	Evacuation drill Culleredo
Inditex	Emergency and evacuation plan
Pull&Bear España, S.A.	Emergency and evacuation plan
Tempe	Fire safety training
Plataforma Meco	Platform evacuation drill
Zara Home Logística	Platform evacuation drill



7.2. Workers in the supply chain

Material topic: Fair working conditions; Diversity, equality and inclusion; Responsible supplier management and traceability; Health, safety and well-being

7.2.1. Workers at the Centre

GRI 2-23; 2-28; 3-3; 407-1; 413-1; AF2; AF5

ⓘ More information in the *Workers at the Centre* report, available on Inditex's corporate website.

Comprehensive and effective due diligence concerning human rights in a global supply chain entails robust policies, tools and practices designed to identify, prioritise and mitigate the impacts on people. Inditex has developed a socially sustainable management of its supply chain to ensure a rigorous compliance programme that includes audits, corrective action plans and training, among other measures, accompanied by a strategy that puts 'Workers at the Centre'. This strategy is based on respect for and promotion of human rights, as well as the creation of social value.

ⓘ More information in section 8.3. Supplier relations of this Report.

The Workers at the Centre strategy launches its new 2023-2025 cycle. The lessons learned in recent years and the knowledge of the supply chain have allowed us to incorporate best practices in this new stage with the aim of moving towards transformation both in the lives of the people who form part of the supply chain and their communities, and in the industry as a whole.

To achieve this, we collaborate with stakeholders to address the shared challenges and we stand close to workers to understand their needs and provide them with the necessary tools for their empowerment, participation and well-being.

As part of the evolution of this strategy from its previous 2019-2022 phase, we have strengthened the due diligence process. This is a continuous process to identify and prioritise potential impacts on human rights, the most notable of which are organised into Priority Impact Areas.

To achieve this we have harnessed a number of internal and external information sources, such as surveys, interviews with key partners such as IndustriALL or the International Labour Organization (ILO), information concerning the social audits of suppliers, analyses of legislation, reports on trends or risks in connection with human rights, etc. Above all, we have relied on our own work and relationships in each of the geographic areas where our suppliers operate. This process, carried out in accordance with the UN Guiding Principles on Business and Human Rights, involved all sustainability areas, teams present locally in our main production markets, which we call clusters, and other Company areas. The organisation Shift, a leading centre of expertise on human rights and business, has also been involved.

As a logical evolution in the year, a development of the Priority Impact Areas has been carried out by incorporating all the potential impacts identified and subsequently prioritised. For this new strategy, impacts related to the environment and climate change have been added more directly, ensuring respect for human rights from a holistic perspective, and incorporating aspects such as just transition and the future of work.

This version of the Workers at the Centre strategy identified notable impacts on human rights structured around **five Priority Impact Areas:** Social dialogue, Living wages, Respect, Health and Resilience.